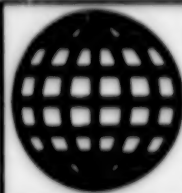


JPRS-CAR-90-068  
4 SEPTEMBER 1990



**FOREIGN  
BROADCAST  
INFORMATION  
SERVICE**

---

# ***JPRS Report***

## **China**

---

***QIUSHI [SEEKING TRUTH]***  
***No 14, 16 July 1990***

# China

## QIUSHI [SEEKING TRUTH]

No 14, 16 July 1990

JPRS-CAR-90-068

### CONTENTS

4 SEPTEMBER 1990

[This report is a translation of the table of contents and selected articles from QIUSHI (SEEKING TRUTH), a semimonthly theoretical journal published by the CPC Central Committee in Beijing. Notations in the table of contents indicate articles previously published or not translated.]

#### QIUSHI No 14, 16 July 1990

The Historical Mission of Communist Party Members [Song Ping] .....	1
The Question of Supervision Under Socialist Conditions in China [Li Zhengting] .....	4
A New Chapter in the Annals of Friendship—Accompanying President Yang Shangkun During His Visit to Five Latin American Countries [Liu Huaqiu] .....	10
Patriotism and the Historical Mission of the Chinese People—Commemorating the 150th Anniversary of the Opium War [Xiao Zhizhi] .....	15
Comments on So-Called 'Second-Generation Marxism' [Hong Qixiang] .....	21
Importance Should Be Attached to the Educational Function of Films [Tan Chunfa] .....	24
On the Socialist Commodity Economy [Su Xing] .....	26
The Cause of the Sluggish Market and How To Deal With It—A Survey on the Market Situation in Hebei [Song Shuhua] .....	32
Lead the Masses Along the Road to Common Prosperity in a Down-to-Earth Manner [Lu Guanqiu] ....	36
Who Is To Pass Final Judgment on a Person? [Li Xia] .....	40
The Value of 'Half a Mu of Land' [Shi Zhangqi] .....	41
A Generation of Socialist Entrepreneurs Is Reaching Maturity—Reviewing An Arduous Course and Two Other Collections of Reportage [Huang Shengping] .....	42

## The Historical Mission of Communist Party Members

OW1507084790 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 14, 16 Jul 90 pp 2-6

[Article by Song Ping]

[Text] It has been 69 years since the birth of the Chinese Communist Party. Our party united and led people in a courageous struggle over the past 69 years, which brought an earthshaking change to the face of China. We scored remarkable achievements in socialist modernization construction, reform, and opening to the outside world since the Third Plenary Session of the 11th CPC Central Committee. Our party is more mature and stronger after experiencing the political turmoil of 1989. Now, the whole country is experiencing stable political, economic, and social development. Under the leadership of the party, people of all nationalities are continuously advancing along the road to build socialism with Chinese characteristics with full confidence. A look back into the past shows that our party scored outstanding and brilliant achievements. Facing the future, our party's mission is both grandiose and arduous.

What is the historical mission of contemporary communists? Precisely, it is to give full play to the vanguard role of the working class, further heighten revolutionary spirit, wholeheartedly plunge into the cause of construction and reform, and work hard and win merit in the cause in order to build our country into a modernized socialist country.

At the birth of our party, we set forth our minimum and maximum programs, that is, the communist ideological system will always serve as a guide in reaching the socialist and communist stages through a new democratic revolution. Our party has done mainly two things in the last 69 years. First, the party led the people in overthrowing imperialistic, feudalistic, bureaucrat-capitalistic rule, established the state power of a people's democratic dictatorship, and realized the liberation of the Chinese nation and social emancipation of the people. Second, the party established and consolidated the socialist system, realized the deepest and greatest social changes in our country's history, promoted development of social productive forces and the progress of society in all areas, and set China on the road to become a prosperous and thriving socialist state. However, the task of building socialism is far from complete.

Taking the socialist road is the sole and correct choice of the Chinese people. Without socialism, there will be no national independence and state sovereignty, there will be no equality for all nationalities in China and the democratic right of Chinese people to be master of their own country, and China will have no present achievements and bright future. Like any other new thing, the system of socialism inevitably needs a process of gradual perfection; it requires constant progress on its own basis. It is precisely under such historical conditions that our party opened a path to build socialism with Chinese

characteristics. Our party set forth a three-stage strategic goal in developing the economy. By the time we realize this grand goal, our country's GNP will reach the level of moderately advanced countries; our economic power and the overall strength of our country will be greatly strengthened; the superiority of the socialist system will be more fully brought into play; and the contribution of China to humanity will be greater. Just as Comrade Deng Xiaoping said, it not only shows a way for the Third World, whose population comprises three-fourths of the world; more important, it shows the world that socialism is a road to take and that socialism is superior to capitalism.

To achieve this objective requires several generations of communists to unite and lead the broad masses of the people in working firmly and indomitably. The next 10 years is a decade of decisive significance to China's socialist modernization. When we double our GNP by the end of this century, we will lay a good foundation for achieving the third-step objective in the middle of the next century. Chinese Communists of this generation, as a generation between two centuries, shoulder the heavy responsibility of carrying forward the cause pioneered by our predecessors and forging ahead into the future.

Our party is full of confidence in accomplishing its historical mission. At the same time, it also fully understands the arduousness, complexity, and protracted nature of the mission. We are working in an environment which is full of contradictions, difficulties, and hopes. Since the building of socialism with Chinese characteristics is a brand new undertaking, we still do not have sufficient and profound knowledge about its law, and we must explore constantly. At the same time, we will inevitably encounter various interferences and sabotage by hostile forces at home and abroad. Some twists and turns are unavoidable and smooth sailing is unlikely in the course of construction and reform. We Communists should have the courage to practice, know how to study, do more thinking, conscientiously steel and improve ourselves, and strive to be firm and sober Marxists. Underestimation of the difficulties and blind optimism are harmful, as are a fear of difficulties and a state of inertia. We should review Lenin's famous words, "Whoever fears difficulties in the course of socialist construction, is intimidated by these difficulties, and becomes pessimistic or panics in the face of difficulties, is not a socialist."

Chinese Communists of the present era are advancing on the basis of the foundation laid by the proletarian revolutionaries of the older generation. China's present conditions were created only after the forerunners of Chinese Communism—20 million revolutionary martyrs among the Chinese people and several generations of Chinese Communists, one stepping into the breach as another fell—feared no sacrifice in the last 69 years. We must carry on their unfinished cause in order not to disappoint the revolutionary martyrs, the people, and future generations. The more a communist profoundly understands his historical mission and has a sense of

revolutionary responsibility, the more he will be able to concentrate his strength and wisdom on the objectives of common struggle and do all he can to overcome difficulties and win victory.

The party's basic line in the present stage is to lead and unite the people of all nationalities throughout the country, take economic construction as the central task, uphold the four cardinal principles, persist in reform and opening to the outside world, and work hard in self-reliance to build China into a modern, prosperous, democratic, socialist country with a well-developed culture. This is a scientific summation of the practical experience gained by the whole party and the people throughout the country in building socialism in last four decades and more as well as the basis for the ideological and political unity of the whole party. CPC members must firmly implement the party's basic line in order to fulfill their historical mission.

Communist Party members must set their minds on economic construction and work earnestly to develop social productive forces. Comrade Deng Xiaoping pointed out that the party's "achievements due to exercising correct political leadership should, in the final analysis, find expression in the development of social productive forces and in the improvement of the people's material and cultural life." As long as there is no large-scale foreign invasion, we must always focus on economic construction, concentrate on developing social productive forces, and work hard to boost the economy despite trouble stirred up by some people and sanctions imposed by foreign countries. At present, we must make sure that the national economy can develop in a sustained, steady, and coordinated manner by working earnestly to improve the economic environment, rectify economic order, and deepen reform. Pointing out that class struggle still exists in certain areas during the socialist period, our party stresses that we must guard against and defeat the peaceful evolution schemes of hostile forces at home and abroad. It demands that we adhere to the correct course and intensify our ideological and political work during the course of economic construction, reform, and opening the country to the outside world. This is specifically for the purpose of eliminating interference so that our socialist modernization programs can proceed soundly. Developing social productive forces and gradually improving the people's material and cultural living standards are the basic requirements for maintaining political and social stability. They are the essential requirements and inevitable outcome of the socialist system.

Focusing on economic construction, Communist Party members must uphold the four cardinal principles and persist in carrying out reform and opening the country to the outside world, as well as handle well the inherent unity of these two requirements. Upholding the four cardinal principles is a task that requires us to keep pace with new historical conditions and the development of productive forces. We must constantly sum up our practical experiences and actively study and assimilate

advanced science, technology, and managerial expertise of all countries, including the developed capitalist countries. By doing so, the socialist system can improve of its own accord and the socialist cause can become more vital and vigorous. The four cardinal principles set and ensure the correct direction of reform and openness; and reform and openness can enrich and develop the four cardinal principles under new historical conditions. Thus, we can expedite the sound development of our socialist modernization drive only when we unify the four cardinal principles with reform and openness. Bourgeois liberalization goes against socialism and the leadership of the Communist Party. Our reform and open programs will go astray without socialism and the leadership of the party. In the situation when the socialist system coexists with the capitalist system, Communists can neither refuse to learn the civilization that mankind has created in the capitalist society, nor can they yield to foreign power and interference. Much less can they forget their national dignity and socialist principles. History and realities have determined the protracted nature and complexity of the confrontation and struggle between the four cardinal principles and bourgeois liberalization. Our party, by accepting the challenge of these confrontations and struggles, will become more capable and more mature, with even richer political experience. Having gone through the education and struggle of upholding the four cardinal principles and combating bourgeois liberal ideas for one year, a new change can now be observed in the ideological and political sphere. However, the task of wiping up the evil consequences of widespread bourgeois liberalization remains very formidable. Certain deep-rooted ideological problems, in particular, can be resolved only gradually by continuing to integrate theory with practice and by doing thorough and meticulous ideological and political work.

Communist Party members must take the initiative in upholding the tradition of self-reliance and building an enterprise through arduous effort. This is a fine tradition of the Chinese nation. Our party inherited and carried forward this tradition and, based on its profound understanding of the country's situation and its full trust in the Chinese people's great creativity, made it a strategic principle for administering the party and the country. Our party's development and maturity and our country's prosperity are inseparable from this principle. The more we are involved in modernization, the more we must underscore this principle and the more we must depend on reform and openness so that we can rely on ourselves and work even harder in building our country. When our country is stronger, it can contribute even more to mankind's progressive cause.

Our party has never been stronger than it is now, with a membership of nearly 50 million. We, as vanguards of the working class, live within the party and work to achieve the party's programs and lines although our party members differ in experience, qualifications, positions, and responsibilities. Without exception, each of us



is shouldering the burden of accomplishing the historical mission for Communists today. All of us must heighten our party spirit, fully display our vanguard and exemplary roles, and genuinely pledge our allegiance to the party cause while acting strictly in accordance with the standards set for the vanguard of the working class.

The party constitution's requirements relevant to party members' progressiveness are principles that party members must uphold to heighten their party spirit. All the requirements must be met. In accordance with the party's historical mission during the new period and party members' actual status, we must underscore the following requirements in order to heighten party members' party spirit.

We must have lofty ideals and reaffirm our conviction. Firm conviction in Marxism and communism is an expression of Communist Party members' foresight and sagacity. It is also Communist Party members' spirit support. Just as Comrade Deng Xiaoping said, "No matter how weak our party was and what difficulty it encountered in the past, our party always had great fighting power because we had faith in Marxism and communism. We had ironclad discipline when we had common ideals. These are our genuine strengths in the past, today, and in the future." Upholding communist ideals and being determined to fight for communism all their life is the first and foremost requirement for qualified Communist Party members. This ideal and conviction are firm only when they are based on a scientific and correct understanding of the law of human society's development; and our allegiance to communist ideals can be observed only when these ideals and conviction are integrated with the goal of building a Chinese-style socialist society and with the demonstration of first-rate performance in our respective posts. When we can do so, we remain humble and prudent and refrain from acting arrogantly and rashly when we succeed; we can press forward and need not be pessimistic and disappointed when we face frustrations and difficulties; we can remain unmoved and need not prostrate ourselves when we face pressure and threats; and we can keep our bearing and not drift along when we face a changeable situation.

We must maintain close ties to the masses and work selflessly for the public interest. The basic task of our party is to serve the people wholeheartedly, guide the people in understanding their interests, and fight in unity for their interests. All Communist Party members must set strict requirements for themselves, firmly uphold the Marxist viewpoint toward the masses, trust the masses fully, maintain close ties to them, seek their support in everything, care for their plight, reflect their views, safeguard their legitimate interests, and help them solve their practical problems in accordance with the guidelines set in the decision of the Sixth Plenary Session of the 13th CPC Central Committee. Party members must unify current policies with the higher demands that the party has set for party members; resist the inroads of decadent ideas, lifestyle, and value concepts of the

bourgeoisie; and firmly place the interests of the party and the people ahead of everything else. They must be the first to bear hardships and the last to enjoy comforts, dedicate themselves willingly, and never apply within the party the principles for commodity exchange and bargaining with the party organizations. All Communist Party members, especially leading party cadres, must correctly view the readjustment of interests during reform and give no thought to their personal gains or losses. They must correctly approach and exercise the powers given them by the people, perform their duties honestly, and never use their powers to seek private gain and infringe upon the interests of the masses.

We should uphold principles and be bold in waging struggles. Struggle and contradictions constitute an objective law governing the development of things. This is true in social development and in party building. The party will cease to operate if there are no contradictions and no ideological struggle is launched to resolve these contradictions within the party. We must apply the principles of seeking truth from facts, distinguishing between right and wrong, and uniting with comrades; adopt a correct method; and never repeat our past practice of "ruthless struggle and merciless blows" to resolve contradictions within the party. We should not misjudge normal criticism and positive ideological struggle as "using the big stick" and then try to combat such criticism and struggle. We must take a clear-cut stand to uphold truth and correct our mistakes openly with regard to the questions of political orientation, party line, and the people's fundamental interests. A good Communist must not ignore principles, cover up contradictions, and abandon positive ideological struggle. We should restudy Comrade Mao Zedong's *Combat Liberalism*; apply the weapon of criticism and self-criticism and the principle of unity-criticism-unity in wiping out the vulgar work style of resorting to boasting, flattery, and touting that exists in some party organizations; and strive to create an environment in which there is distinction between right and wrong and between merits and demerits and in which positive efforts are made to advance. We should unite with and help comrades who have made mistakes. They should be trusted so long as they know what is right and what is wrong and have corrected their mistakes. We should not seize hold of their mistakes all the time.

We should study industriously and be bold in creative work. A Communist should have creative spirit, the source of which is industrious study and bold practice. Confronted with the tremendous mission of the modernization drive, we must study some more. It should be noted that in our development and reforms there are still many unknown areas or areas which are not completely known. This requires Communists to emancipate their minds, seek truth from facts, make bold explorations, and dare to invent new things. This also requires party members to improve their skills of serving the people by acquiring more technical knowledge. Communists

should integrate development with reforms; conscientiously study the basic theories of Marxism-Leninism-Mao Zedong Thought, particularly philosophy; study the party's line, principles, and policies; study science, culture, and acquire specialized knowledge; and strive to become a learned expert and be competent in their own profession. We should study conscientiously, persist in studying the course of practice, sum up experiences, and make comparisons and distinctions. Negligence and laziness in study mean political and work backwardness and the loss of a creative spirit.

We should observe discipline and preserve unity. This is a fundamental guarantee for success in our development and reforms. We should uphold the party's democratic dictatorship, substantially develop democracy in the party, and enforce strict discipline within it. We will be able to do a better job in preserving political stability and unity in the country and society with strict party discipline and strong unity in the party. At present, particular efforts are needed to strengthen political and organizational discipline in the party and to adhere to the principles that individuals are subordinate to organizations, the minority is subordinate to the majority, lower organizations are subordinate to higher organizations, and party organizations at all levels and all party members are subordinate to the National Party Congress and the Central Committee. We should abide by the principles that the interests of the part are subordinate to those of the whole and that immediate interests are subordinate to long-term interests. We must resolutely overcome pernicious tendencies toward disorganization, lax discipline, and disregard for orders and bans. Factions and factional activities are not permitted in the party. Every party member should consciously and strictly observe party discipline and boldly struggle against words and acts undermining party discipline, unity, and solidarity.

The key to enhancing our understanding of party spirit lies in solving the key questions of stand and world outlook. Communists should take only the stand of the working class and the people and the stand of party spirit and party policies when sizing up and handling problems. If they take the wrong stand, they will not be able to distinguish between black and white and between right and wrong, and there will be no common ground for studying and solving problems. The fundamental mistakes committed by those who call themselves Communists, but who actually persist in promoting bourgeois liberalization are mistakes of this type. It takes long years of tempering to form a communist world outlook and sometimes this process must undergo painful ideological struggle. In our socialist society, all of us must transform our subjective world in the course of transforming the objective world. Lenin pointed out explicitly, "A vanguard should not be afraid of educating and transforming itself and should openly admit that it has not sufficiently cultivated itself." Only by making constant efforts to enhance our understanding of party spirit and to transform ourselves ideologically can we stand the test

of being part of the ruling party, of being one that is bent on pushing forward reforms and opening to the outside world, of developing a planned socialist commodity economy, and of the struggle between the forces for peaceful evolution and those against it, thus becoming a real Communist worthy of the name.

The building of our party and the development of our country are now at a crucial period. The people of all nationalities throughout the country place high hopes on our party. Friendly countries, political parties, and people the world over are watching our party closely. All party comrades should unite closely under the leadership of the party Central Committee with Comrade Jiang Zemin at the core, advance vigorously, make constant efforts to improve themselves by displaying higher fighting morale and a solemn scientific spirit, and take concrete action to greet the 70th anniversary of the founding of the great, glorious, and correct Communist Party of China with actual deeds!

### **The Question of Supervision Under Socialist Conditions in China**

*HK2208030190 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 14, 16 Jul 90 pp 6-12*

[Article by Li Zhengting (2621 2973 0080), deputy secretary of the Central Discipline Inspection Commission]

[Text] The "Decision of the CPC Central Committee on Strengthening the Ties Between the Party and the People" adopted by the Sixth Plenary Session of the 13th CPC Central Committee pointed out, "Supervision over leading organizations and leading cadres at various levels must be strengthened. A system of supervision within and without the party and supervision from top to bottom and from bottom to top must be established and perfected." The important task of strengthening supervision is thus solemnly put before comrades of the whole party. In this article, I will attempt a preliminary study on the question of supervision under socialist conditions in China in the hope that it will arouse more extensive and in-depth discussions.

#### **A. The Necessity and Importance of Supervision**

The political implication of supervision is the restriction of power. To be more precise, it means the restriction of the abuse or possible abuse of power. As such, it is a mechanism for the prevention and correction of mistakes. Here, I will restrict my discussion to supervision within the political category.

Under socialist conditions in China, the necessity of supervision lies in the following: First, power may be abused. Under socialist conditions in China, cadres at various levels, whose task it is to administer party and state affairs, have all kinds of power, big or small, in their hands. Their power, big or small, is given them by the people and should therefore be in the service of the people. Since power is separated from society, it is

possible that it may be abused even under socialist conditions due to the influence of various social and historical factors. In other words, people wielding power can make use of their power to serve the people, but they can also abuse their power to harm the people. Hence, the exercise of power must be placed under supervision. Power not restricted by supervision is an extremely likely cause of corruption.

Second, the complexity of the conditions of power holders. When we talk about power, the first thing we must emphasize is in which class or in whose hands it is wielded. At the same time, we must pay attention to the complexity of the conditions of those wielding power as well as how they have developed and changed. It must be affirmed that the Communist Party is the vanguard of the working class and that communists are advanced elements of the working class. From a historical and overall perspective, the party and the overwhelming majority of its members can withstand all tests and maintain their true color as advanced elements. However, this does not mean that all its members can or will always be able to withstand tests. Marxism holds that man, as a social being, is the product of given social environments and historical conditions. Individuals, whether communists or leading cadres, are people living in a particular society. They differ from one another in their awareness, moral integrity, and ability. Even those who have a higher awareness and better moral integrity are prone to this or that kind of negative changes due to various factors. Since the conditions of those wielding power are so complicated, it is not impossible that they may abuse their power and make mistakes. Thus, an effective mechanism of supervision and restriction must be established with actual persons in power in mind to prevent them from abusing their power. In this way, even if the abuse of power were to occur, it could be promptly checked and rectified, thereby preventing serious damage to the party's cause.

Third, the limitations of understanding. Marxism holds that man's cognitive ability is infinite, but man's level of cognition is restricted by objective social and historical conditions. Although the working class and its advanced elements do not have class limitations in their understanding of the objective world, yet, due to limitations in their social and historical conditions, coupled with the fact that nature and man's society are complicated and ever-changing, their understanding of the objective world cannot be completely correct. One-sidedness, deviations, and even mistakes in understanding will occur frequently. If these deviations are made by ordinary cadres, there will be damage, but the damage will be relatively small. If they are made by leading cadres who wield power, there will be deviations and mistakes in policy decisions and actions. This will do society great damage and will inflict tremendous loss upon the party's cause. In order to prevent erroneous understanding from turning into erroneous policy decisions and actions, it is necessary to introduce the mechanism of supervision.

For the above subjective and objective reasons, strong and effective supervision is needed in our socialist society to safeguard the overall interests of the working class and the masses of laboring people, regulate the interests and contradictions among the people, maintain social stability and unity, and ensure the sustained, steady, and coordinated development of the socialist economy. This is determined by the characteristics of socialism in China: 1) The Communist Party is the ruling party of China and, as such, is faced with rigorous tests. 2) The people are the masters of the country, and all state powers belong to the people. However, it is impossible to have all members of the populace take direct part in the administration of state affairs. All that can be done is to assign, in various ways, the power of running various affairs of the state to leading cadres at various levels. Since power originally belongs to the people, they naturally have the power as well as the responsibility to supervise the exercise of power by leading cadres at various levels. 3) China is at the initial stage of socialism. Its level of productivity is still rather low and its economic foundation and superstructure are far from mature or perfect. Since the beginning of reform and the opening of the country to the outside world, the society has seen dramatic changes and the situation has become all the more complicated. When problems, sometimes even serious ones, are exceedingly likely to occur on the political, economic, cultural, livelihood and other levels, it will not work not to have a sound and powerful supervision mechanism. These characteristics indicate that the question of supervision in socialist conditions in China has a direct bearing on the consolidation of the party's leading position, the stability and long-term peace of our country, as well as the nature of state power and the status of the people. It is an important component of socialist democracy, as well as its concrete expression and guarantee.

The special importance of supervision under socialist conditions in China has also been proven by practice. Several years ago, we made certain deviations and mistakes in our guidance and policy decisions in work. Passivism and corruption were seen to be spreading among some party and government offices and cadres, and the state's political and economic activities went out of control to a certain extent for some time. Although these phenomena all have their specific reasons, they are partly attributable to the unsoundness of the party and state system of supervision as well as to the imperfections of the supervisory functions of this system. The major ups and downs that occurred in our country since the founding of the People's Republic had a lot to do to our failure to establish a perfect mechanism of supervision for the effective control of party and state leaders. As Comrade Deng Xiaoping pointed out, "It is true that the errors we made in the past were partly attributable to the way of thinking and style of work of some leaders. But they were even more attributable to problems in our organizational and working systems. If these systems are sound, they can place restraints on the actions of bad people; if they are unsound, they may hamper the efforts



of good people or indeed, in certain cases, may push them in the wrong direction. Even so great a man as Comrade Mao Zedong was influenced to a serious degree by certain unsound systems and institutions, which resulted in grave misfortunes for the party, the state and himself."<sup>1</sup> Practice has proved that without an effective system of supervision, no leader can avoid making mistakes. There is no lack of such lessons in the history of the international communist movement. The next 10 years, perhaps even the first half of the next century, will be the crucial period in the development of China. In order to increase the purity and rallying force of our party, maintain the steady and orderly development of our society, and ensure the long-term peace and prosperity of our country, we must make a determined effort to strengthen the system of supervision.

#### **B. The Present State of Supervision in China**

In the course of socialist revolution and construction since the founding of the People's Republic, our party and state have initially established a society-wide system of supervision. This system includes roughly the following seven forms of supervision: 1) Intraparty supervision. 2) The supervision of organs of state power. This refers to the supervision exercised by the People's Congresses at various levels as well as their standing committees over "the government and the two councils" [yi-fu liang-yuan 0001 1650 0357 7108] and the state functionaries they elected and chose. 3) Administrative supervision. This refers to mutual supervision between state administrative organs at various levels as well as supervision by administrative control, auditing, and other departments. 4) Judicial supervision. This refers to supervision by state procuratorial and judicial organs over the implementation of state laws. 5) The supervision of democratic parties. 6) The supervision of news and media. 7) Mass supervision. These fundamental systems of supervision are products of the combination of Marxist-Leninist theories of supervision with the actual conditions in China. They are in conformity with our basic national conditions and have the characteristics of Chinese socialism. They have played an exceedingly important role in ensuring the correct implementation of the party's line, principles, and policies as well as the laws and regulations of the state, safeguarding honesty on the part of party and state organs and their staff, maintaining close ties between the party and the people, and promoting the stability of the political situation and the development of the economy.

However, the system of supervision in our country is still fraught with problems. The fundamental system of supervision is a good one, but it is still not very sound and perfect. Some of the systems already established still cannot operate normally and bring their functions into full play. At present, as far as the demands made by the situation are concerned, the system of supervision is still a weak link in the political activities of the party and the state. The question of supervision has not been properly resolved in theory or in practice. Putting it briefly, the problems lie chiefly in the following four areas: First, the

question of understanding. In the whole party and society, particularly among the leading cadres, many people lack a clear and profound understanding of the utmost importance of supervision and control. Quite a number of leading cadres lack awareness in consciously accepting supervision; some even have a strong aversion to and abhorrence for supervision. Second, the jurisdiction and leadership structure of special supervisory organs are not suited to actual objective needs. They lack the necessary authority and cannot truly and effectively exercise their functions and powers and play their due role in supervision. Third, the question of work. Supervision is a solemn and meticulous task. Every form of supervision should have its own specific targets, contents, means, and procedures of supervision as well as ways of handling cases, and should form a complete and independent mechanism of supervision. Only in this way will supervision be effectively carried out rather than being treated as a mere formality. However, we are now lagging far behind this goal. The work of supervision is basically in a state of "extensive management" and has not been carried out in a down-to-earth manner, regularized, and institutionalized. Fourth, the system of supervision over high-ranking cadres is neither sound nor perfect. This is an important problem in the system of supervision as a whole. Back in 1987, the Central Committee put forth the special call that we should conscientiously tackle the question of democratic centralism at the central level of the party and the state. We were asked to develop a system able to control and supervise senior party and state leaders, particularly leaders with the greatest authority, so they will strictly abide by the Constitution and party discipline and will not be able to act freely without restriction. The idea is that we should rely chiefly on a set of systems rather than on individuals to administer our party and state. However, this set of systems has not been properly established and perfected. When a person who assumes the highest authority is in office, the policies, theories, and suggestions put forward by him cannot be resisted and rectified in good time even if they are found to be gravely erroneous. By the time mistakes are rectified at long last, they have already done severe damage to the party's cause. In short, our mechanism of supervision and control is far from perfect, the effects of supervision are far from satisfactory, and the masses inside and outside the party are not pleased with this state of affairs. Since the Fourth Plenary Session of the 13th CPC Central Committee, the party Central Committee with Comrade Jiang Zemin at its core has greatly emphasized the question of building the supervision system and has adopted a series of major measures to gradually resolve this question. The "Decision of the Central Committee on Strengthening the Ties Between the Party and the People" adopted by the Sixth Plenary Session put forward specific and clear-cut requirements on the improvement and perfection of the supervision system and laid down important regulations. We believe that if the whole party and the whole society would conscientiously implement the guidelines of the "Decision," the



socialist system of supervision in China would definitely be greatly developed and perfected.

### **C. Severa! Questions of Understanding That Must Be Resolved**

In strengthening the building of the system of supervision, questions of concrete work need to be resolved. However, what must be tackled first are questions of ideology and understanding. The whole party and the whole society must have a correct sense of supervision and scientifically understand the nature, role and intrinsic requirements of supervision. This is a prerequisite for the normal functioning of supervision. For historical and practical reasons, the masses of cadres both inside and outside the party do not sufficiently understand the utmost importance and urgency of supervision. The concept of supervision has not been popularized, and the concept of supervision is still rather weak. Many people, including some leading cadres, still have this or that muddled or erroneous ideas about supervision. This is a grave problem in our current work of building the system of supervision. This deserves great attention because it will severely hinder our work. Theoretical and cognitive questions of supervision are many and varied. The following are my views on some of the more important issues.

1. The greater the power, the more necessary it is to have supervision. The focal points of supervision are leading cadres at various levels, particularly high-ranking cadres. Supervision inside and outside the party is omnidirectional. People at all levels and all powers must be placed under supervision. The greater the power and the higher the authority, the more necessary it is to accept supervision. The reasons are as follows: First, when people wielding great power abuse their power, the resultant damage and effects will be great and will be difficult to rectify. Take passivism and corruption, which have aroused the strong resentment of the masses in recent years, for instance. While corruption by ordinary cadres is harmful enough, the effect and harm will be much more serious if the wrongdoer is a leading cadre. Second, if supervision is effectively exercised over leading cadres at high levels who are responsible for important duties, these people will not make mistakes or will make fewer mistakes. Not only that, they will have a strong demonstrative effect on and give impetus to their lower levels. With one level leading and looking after its subordinate levels, cadres at the lower levels will not make mistakes or will make fewer mistakes. Even when they do make mistakes, the higher authorities will be in a position to rectify them in good time. These self-evident truths are not difficult to comprehend. The question is, some of our leading cadres still have incorrect understanding. Some of them think that, as high-ranking leaders, they have higher ideological awareness and theoretical standards, will never make mistakes, and therefore do not need supervision. Some of them abhor and take unkindly to supervision. In particular, some of them have, under the influence of bourgeois liberalization in recent years, forgotten all about the party's fundamental aim of

serving the people heart and soul. Having violated law and discipline and abused their power for personal gain, they will naturally try by any means to resist supervision. Man's ideological awareness and theoretical standards are relative. Generally speaking, most leading cadres have a high level of awareness and theoretical standards. However, there are people whose awareness and standards are not really that high, or are not high despite their claims. Even among those who have high awareness and standards, deviations in understanding and errors in action may be fewer, but they are certainly not completely absent. It is still possible that they may abuse their power or may have erred in other areas. Thinking that one does not need supervision and feeling cocky is a naive and harmful mentality that does not tally with the basic principles of dialectical and historical materialism. We must resolutely oppose and rectify unwillingness to accept supervision, particularly resistance to supervision, due to the influence of feudal prerogatives or the serious influence of the ideological trend of bourgeois liberalization. It is clearly stipulated in the constitutions of our country and party that all citizens are equal before the law and that all party members are equal before discipline. Under socialist conditions in China, no one is above restrictions in his exercise of power, and no one enjoys privileges that are outside the limits of the law and the system. The party will not tolerate the presence of special party members who do not accept supervision, and neither will the state tolerate special citizens who do not accept supervision. This is a matter of principle.

2. Supervision restricts the abuse of power and protects the proper exercise of power. In our everyday life, we can see that some people, leading cadres in particular, tend to be afraid of supervision. These cover two categories of people. The first category is made up of people who abuse power. They are afraid of investigation and punishment because they take advantage of their power to seek personal gain or are guilty of serious dereliction of duty. The second category of people has not actually abused power, but they lack an all-round understanding, even misunderstand, the overall function and role of supervision. Some of them think that supervision means finding faults and mistakes and punishing people. Others think that he who is the subject of supervision must have done something wrong, or he would not be placed under supervision. Such misunderstanding of the function of supervision needs clarification. We believe that, in terms of overall meaning, supervision has two functions or two roles: It is a restriction on the abuse or possible abuse of power, but a protection for the proper exercise of power. Much has been said about the restrictive function of supervision; here I will concentrate my discussion on the protective function of supervision. Why do we say that supervision is a kind of protection for the proper exercise of power? Where is this protection expressed? The following explanation will perhaps shed some light on these questions. First, while people who exercise power properly may have the best intentions subjectively, due to limitations in their understanding and ideological level as well as the complexity of things, they may show

deviations in judgment or make mistakes in their policy decisions, thereby being unable to make correct use of their power. This is contrary to their original intentions. Effective supervision can prevent or minimize such eventualities. This will not only prevent people from making mistakes, but will make the outcome of the exercise of power coincide with its intention, thereby achieving the objective of the proper exercise of power. This is obviously a kind of protection. Second, supervision is a kind of all-round watch. In addition to rectifying mistakes, we must also commend the advanced. When the proper exercise of power and good achievements are discovered in the course of supervision, they should be affirmed and commended. Again, this is an expression of protection. Third, the proper exercise of power, which implies sticking to principles and differentiating between merits and demerits, is bound to arouse the resentment of some people, causing them to report against others or even make false accusations. As soon as supervision and investigation have been carried out, the truth will come to light and rights and wrongs will be thrashed out. Those who have erred will be criticized and the bad ones will be punished. In this way, good people will be protected, and favorable conditions will be created for them to continue with their proper exercise of power. This kind of protection is even more direct and obvious. It shows that supervision and helpful support are unified rather than antagonistic. Supervision has been figuratively likened to the "health care doctor," implying that it gives the body all-round protection, curing the sickness when sickness is discovered and preventing diseases when it is in good health. There is great truth in this. Since supervision has these two functions, and since supervision is a mechanism for the prevention and correction of mistakes, all selfless and upright people and all leading cadres who are determined to serve the people heart and soul not only should not be afraid of supervision, but should sincerely welcome supervision. Of course, the ones who exercise supervision should also strive to raise the level of their supervision and do their work meticulously and in a down-to-earth manner. They must pay attention to supervision afterward as well as beforehand, and see to it that mistakes are corrected and that correct things are protected.

3. In our efforts to check the abuse of power, we must rely on ideological education as well as the building of the system of supervision. The abuse of power has ideological reasons, that is, one either has undesirable ideology or has shown serious deviations in his understanding, as well as institutional reasons, that is, the lack of an effective mechanism of supervision. Hence, in order to check the abuse of power, appropriate measures must be taken to grasp ideological education on the one hand and grasp the building of the system of supervision on the other. On the whole, ideological education and the system of supervision are closely related to each other and are mutually complementary. Ideological education can help raise the ideological consciousness of cadres at various levels so they will consciously resist corrosion by the decadent ideas of the exploiting classes and firmly

establish the aim of serving the people heart and soul. It can also encourage leading cadres to consciously abide by the rules and regulations and consciously accept supervision. The system of supervision is an important component of the political system. It not only sets the norms of action for cadres at various levels, but compels them to strictly abide by these norms by invoking the mandate of the party and the state. This provides the institutional guarantee for preventing erroneous ideas from turning into erroneous deeds. Without the favorable influence of ideological education, the system of supervision will not be properly abided by and implemented. Conversely, without the guarantee of the system of supervision, the effects of ideological education will be greatly affected. It is precisely because ideological education and the system of supervision depend on each other and promote each other that we cannot put undue emphasis on one and ignore the other. Rather, we should pay attention to both and closely combine the two. In actual work, we must, on the one hand, strengthen ideological education among party members and cadres at various levels so as to increase their ideological awareness and improve their quality. On the other hand, we must improve and perfect the system of supervision, strengthen democracy and the building of the legal system, and strictly enforce party discipline and state law. Only in this way will we be able to effectively check the abuse of power.

The above points are basic, but extremely important, issues that must be truly made clear ideologically and theoretically. The key to the resolution of the question of understanding lies with leading cadres at various levels. With this in mind, we must extensively and thoroughly conduct long-term education aimed at enhancing the sense of supervision in the whole party and the whole society, particularly among leading cadres, and increase people's awareness in supervision and in accepting supervision, so that activities of supervision will become a common practice throughout the party and the society.

#### **D. Basic Trends in the Strengthening of Supervision**

In strengthening the building of the system of supervision, it is necessary, in addition to resolving questions of ideology and understanding, to resolve questions of work. The above-mentioned problems confronting supervision must be tackled step by step. Various forms of supervision inside and outside the party should be fully brought into play. In the light of the actual conditions in our country, we find it necessary to emphasize the following points once again:

—We must do a good job of intraparty supervision. Since our party is the party in power, intraparty supervision plays the key role in the society-wide system of supervision. With the change in their status and authority after the party came to power, if party members and party cadres lack conscious awareness, negative changes will occur in their thinking. This means that the danger of their seeking ease and comfort, becoming estranged from the masses, and

abusing their power will be increased. Meanwhile, since the party plays the leading role in state affairs, and legislative, administrative, and judicial work all come under the party's leadership, whether or not the line, principles, and policies formulated by the party are correct not only has a vital bearing on the survival and development of the party, but directly affects the future of the country, the destiny of the nation, and the fundamental interests of the people of the whole country. This shows the special importance of doing a good job of supervision within the ruling party. Comrade Deng Xiaoping incisively pointed out back in 1957: "In China, who is in a position to commit serious mistakes? It is the Chinese Communist Party. When it makes mistakes the effects will be most serious. Hence, our party must be on special alert. The party's leadership has been prescribed in the Constitution. In order to properly exercise its leadership, the party must continuously overcome subjectivism, bureaucratism, and sectarianism, and must accept supervision and broaden democratic life within the party and the state. If we do not accept supervision and do not broaden democratic life within the party and the state, we will become estranged from the masses and will commit serious mistakes."<sup>2</sup> Experience since the founding of the People's Republic has fully verified this scientific thesis. There are diversified forms of supervision within the party. At present, we must first emphasize the need to uphold the principle of democratic centralism, further improve the specific systems, and strengthen supervision and checks over actual implementation. Second, we must pay attention to bringing into play the supervisory role of Party Congresses at various levels over party committees, and the supervisory role of party committees over standing committees. Third, we must strengthen the supervisory functions of discipline inspection organs. Where the targets of supervision are concerned, we should give prominence to leading party cadres, particularly high-ranking cadres. When a successful job has been done of intraparty supervision, there will be a reliable guarantee for the leadership of our party as well as the long-term peace and stability of our country.

—We should make supervision over the decisionmaking process, over work, and over clean government the major aspects of supervision. Within the party and in state political life, there are many things which need supervision. We must grasp the principal contradictions. On the question of supervision over the decisionmaking process, the correctness of policy decisions is the precondition for the success of socialist revolution and construction, whereas mistakes in decisionmaking are the biggest mistakes. Major setbacks that occurred since the founding of the People's Republic, such as the Great Leap Forward and the Cultural Revolution, were results of mistakes in decisionmaking. Hence, supervision over the decisionmaking process is high-level supervision of special importance. If problems are spotted in the course of

the implementation of correct policy decisions, prompt remedies or revisions should be made. Erroneous policy decisions should be resolutely rectified. We must improve and perfect the procedures and system of decisionmaking by adopting a democratic, scientific, programmatic, and legal approach in decisionmaking. This is a kind of supervision in itself. But this is not enough. We must also exercise strict supervision over the implementation of procedures and the system of policymaking, and those who violate rules and regulations must be called to account. On the question of supervision over work, when correct policy decisions have been adopted, whether they are conscientiously implemented in actual work has a direct bearing on their effectiveness and on whether objectives can be achieved. There are many cases in real life where a correct policy decision has produced results different from or contrary to the original objective due to deviations made in the course of implementation. In recent years, in particular, some places have been making every effort to "counter the policies of the higher authorities." Rather than conscientiously implementing the correct line, principles, and policies formulated by the party Central Committee in light of actual conditions, they treated this as a mere routine, or even feigned compliance, while trying by all and every means to exploit loopholes in the policies in order to protect their partial group interests or to seek personal gain. They have done great damage by seriously undermining the sanctity, unity, and validity of the party's policies. In order to prevent and rectify this phenomenon, ensure the correct implementation of the party's line, principles, and policies, and defend the leadership authority of the party Central Committee and State Council, supervision over work must be strengthened. On the question of supervision over clean government, the party and government have just launched an all-out struggle against corruption because the masses have a lot of complaints about passivism and corruption. Corruption is the antithesis of clean government. The emergence and spread of corruption is, to a certain extent, a sign that power has gone out of control. In other words, we have failed to exercise strong and effective supervision over the manipulation of power and honesty by cadres. Such a state of affairs must be put to an end.

—We must strengthen the links and coordination between various forms of supervision and bring into play the overall function of supervision. The overall function of supervision is determined by whether various forms of supervision can operate independently as well as by whether or not the ties between various forms of supervision can be strengthened and coordinated to form a joint force. Although different forms of supervision have their own scope and way of operation, they can and should be combined because they have intrinsic links between them and are mutually complementary. As things stand now, the ties between different forms of supervision are not close enough. Work is not well-coordinated and in some



cases the ties have not been straightened out. In view of this, we should exert more in this regard in the future. For instance, we should establish a system of joint meeting with the participation of different quarters, issue circulars on the situation on a regular or irregular basis, compare notes, and coordinate work.

- Supervisory organs must have appropriate power and authority. This is the objective requirement of the socialist cause and the people's interests. As things stand now, problems abound in this regard and these should be tackled step by step. When these problems have been resolved, there will be institutional guarantee for impartial and incorruptible supervision by special supervisory organs, and the actual effects of supervision will be greatly improved. Since supervision is also a kind of power, if it is not subject to any limitations or restrictions, it will be turned into a tool in the hands of those who seek personal gain or engage in violations of law and discipline. Hence, while stressing the need to defend the authority of supervisory organs, we must also see to it that the legitimate rights of the targets of supervision are not infringed upon. People who exercise supervision must also accept supervision. There is no doubt about that. At the moment, however, our main concern should be to defend the authority of special supervisory organs.

- We must improve the necessary rules and regulations and perfect legislation on supervision. The launching of normal supervision inside and outside the party needs a healthy and perfect set of laws, rules, and regulations as its basis and guarantee. Only in this way can the work of supervision be regularized, institutionalized, and legalized, and not change as a result of changes in leadership or in the views and attention of leaders. We must, through protracted and unremitting efforts, ensure that in the course of time there will be laws and regulations to go by in various forms of supervision, such as intraparty supervision, the supervision of organs of state power, administrative supervision, judicial supervision, supervision over news and media, supervision over democratic parties and mass supervision; in various links of the manipulation of power, such as the generation, exercise, control and recall of power; as well as in various forms and procedures of supervision, such as briefings, suggestions, investigation, and punishment. In this way, we will have a full-fledged and standardized network of supervision where state laws, administrative rules and regulations, and intraparty systems complement and dovetail with each other. This is a fundamental measure for ensuring the long-term peace of our country and the prosperity of our party and state. This question has aroused the attention of the party Central Committee. The Sixth Plenary Session of the 13th CPC Central Committee has already recommended that the NPC Standing Committee should draw up laws for work supervision and legal supervision, that the State Council should draw up rules for administrative supervision, and that the Central Discipline

Inspection Commission should join hands with the Central Committee's Organization Department in drafting regulations for intraparty supervision. Work in this regard has already started. We believe that, under the correct leadership of the party Central Committee, we will definitely be able to establish a sound and perfect system of socialist supervision with Chinese characteristics, and will be able to further develop and bring into play the superiority of socialism.

#### Footnotes

1. *Selected Works of Deng Xiaoping (1975-1982)*, p. 293.

2. *Selected Works of Deng Xiaoping (1938-1965)*, p. 258.

#### A New Chapter in the Annals of Friendship— Accompanying President Yang Shangkun During His Visit to Five Latin American Countries

HK2908105090 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 14, 16 Jul 90 pp 13-17, 36

[Article by Liu Huaqiu (0491 5478 4428)]

[Text] Bringing with him the friendship of the Chinese people for the people of Latin America, President Yang Shangkun paid state visits to Mexico, Brazil, Uruguay, Argentina, and Chile at the invitation of these countries on 15-30 May this year. It was the first visit ever paid by a Chinese state leader to Latin American nations since the founding of New China. This major event in Sino-Latin American relations has a profound meaning and far-reaching significance. The visit took the Chinese president across two oceans and four continents. It set a new record in the history of special flights in China, covering more than 60 flying hours over a distance of 60,000-plus kilometers.

Mexico, Brazil, Uruguay, Argentina, and Chile have a total area of 14.2 million kilometers, 69 percent the total area of Latin America. They have an aggregate population of 271 million, 63 percent the total population of Latin America. Brazil, Mexico, and Argentina are big Latin American countries; Chile is one of the first countries in South America to establish diplomatic ties with China; and bilateral relations between China and Uruguay have seen all-round development in the two years since establishment of diplomatic ties. During the period of President Yang's visit, elaborate and thoughtful arrangements were made by the host countries. The rich array of activities were all conducted in an atmosphere of warm friendship, unity, and cooperation. The visit was a great success, having achieved the objective of increasing understanding, enhancing friendship, and consolidating and developing bilateral relations. It entered a new chapter in the annals of friendly Sino-Latin American relations.



### 1. Ceremonious and Warm Welcome

The governments of the five nations attached great importance to President Yang's visit and extended the Chinese president a ceremonious and warm welcome and cordial and friendly reception. Mexico was the first stop of President Yang's visit. President Carlos Salinas de Gortari held a grand ceremony in honor of President Yang and organized his people to welcome this guest from across the ocean with song and dance. President Yang felt very much at home the moment he set foot on this Latin American land of ancient civilization. President Yang's special plane landed at Brasilia after 2100 the evening of 17 May. Breaking the Brazilian Government's custom of not holding welcome ceremonies for foreign heads of state in the evening, President Fernando Collor personally greeted President Yang at the airport in a grand ceremony. The following day, the Brazilian parliament extended its welcome to President Yang by firing a 21-gun salute. In his welcome speech, President of the Brazilian Chamber of Deputies D'Andrade praised President Yang as an outstanding Chinese leader who had taken part in the Long March and was long-tested in revolution. In Montevideo, Uruguayan President Luis Alberto Lacalle and members of his cabinet extended their welcome at the airport and gave two banquets in honor of President Yang and his entourage. Within a short span of four days, President Lacalle had six meetings and talks with President Yang. When President Yang arrived in Buenos Aires on Saturday 26 May, President Carlos Saul Menem broke his government's Saturday-off rule and held a grand welcome ceremony at the airport. That afternoon, President Yang placed a wreath at the bronze statue of Argentine folk hero General Jose de San Martin. After that, 200 warriors dressed in the costume of the 19th century "San Martin mounted grenadiers" escorted President Yang's motorcade back to the Presidential Palace. It was quite a spectacular sight as these mounted warriors slowly marched, with long spears in hand, away from San Martin Square. Particularly unforgettable was the fact that President Menem, who broke his wrist over the weekend and had to wear a bandage, still insisted on having a second meeting with President Yang. Chile was the last stop of President Yang's five-nation visit. President Patricio Aylwin, together with more than 10 cabinet ministers and commanders of the three armed forces, met the Chinese delegation at the airport and personally escorted President Yang to his hotel. The fact that Presidents Collor, Lacalle, and Menem, who assumed their respective offices only a short while ago, personally received President Yang despite their busy schedules, shows their esteem for President Yang and their amicable feelings for the Chinese people.

The industrial and commercial circles of the five countries showed great enthusiasm in organizing activities to express their welcome to President Yang. The Mexican Entrepreneur International Affairs Committee, the Society of Brazilian-Chinese Industry and Commerce and the Chilean Industrial Development Association

each organized their welcome parties in honor of President Yang. Leading entrepreneurs in Uruguay and Argentina invited President Yang to visit their farms, see a unique folk dance performance by the gauchos, and taste the special barbecue of the herdsmen. The entrepreneurs not only praised China's reform and open policy and lauded China's progress and development, but expressed their wish to organize their own delegations to China to continuously develop and extend economic cooperation and trade ties. They also made positive suggestions on increasing the variety and volume of trade, opening regular air routes and shipping lines, and developing new areas of economic and technological cooperation.

The people of the five countries expressed their warm feelings for the distant friends from China in various ways. In Mexico City, students of the "People's Republic of China Primary School," waving Chinese and Mexican national flags, and wearing colorful national costumes, danced joyously to show their warm welcome to President Yang. Beautiful bouquets, smiling faces, and heart-warming songs of praise expressed the fraternal feelings of the Mexicans for the Chinese people. The people of Montevideo gathered round the square when President Yang laid his wreath at the bronze statue of the Uruguayan national hero Artigas, and expressed their heartfelt welcome and well wishes to President Yang. In Buenos Aires, tens of thousands of people stood in perfect order at the square when President Yang placed his wreath at the bronze statue of their national hero General San Martin, and waved their hands in salute to the Chinese guests. In Santiago, thousands of people gathered and waited at Constitution Square for the arrival of distinguished guests from China. When President Yang walked from his hotel to the Presidential Palace, the waiting crowd spontaneously said their greetings and shouted "long live China." When he stopped over at Chile's Easter Island, Polynesian women presented floral leis to President Yang, and youngsters gave a folk dance performance as their way of paying sincere tribute to the first foreign head of state ever to visit that island.

All these reflect the friendly relations that already exist between the five Latin American countries and China, embody the profound feelings the Latin American people have for the Chinese people, and reveal the bright future of friendly cooperation between China and Latin American nations.

President Yang was also accorded warm welcome and lavish hospitality when he stopped over in the Soviet Union and Fiji. When President Yang's special plane landed at the Leningrad Airport on the afternoon of 13 May, which happened to be a Sunday, Nishanov, president of the Institute of Nationalities under the Supreme Soviet who had specially flown in from Moscow, and the mayor of Leningrad were on hand to wait for the Chinese guests. Accompanied by his hosts, President Yang laid his wreath at the Monument to the Defenders of Leningrad, visited the Winter Palace Museum and had a tour

of Leningrad on the banks of the Neva River. The warm reception accorded to President Yang during his transit reflected the profound affection of the Soviet people for the Chinese people. On his way back, President Yang stopped over at Nadi, the beautiful tourist resort in the western part of Fiji. Fijian President Penaia Ganilau and Acting Premier Kamikamica specially flew in from the capital Suva to meet President Yang. At the hotel where President Yang stayed, President Ganilau held a grand welcome ceremony in the tradition of the Finian tribe and joined hands with President Yang in planting a bamboo tree that symbolized the eternal friendship between the two countries. President Ganilau also gave a grand banquet in honor of President Yang, during which he warmly spoke in praise of the friendship between the Fijian Government and people and the Chinese government and people.

The warm welcome accorded to President Yang during his five-nation visit and his stopovers shows that China enjoys high prestige in the international community and that we have friends all over the world.

## 2. Fruitful Results of the Visit

During this half-month visit to Latin America, President Yang had several meetings and talks with the leaders of the five nations. They exchanged in-depth views on bilateral relations and international issues of common concern, and achieved consensus through enhanced mutual understanding. President Yang also had extensive contacts with people from various social walks of life. He met old friends, made new friends, forged closer ties of friendship and promoted cooperation. This visit achieved positive and important results.

President Yang reviewed the development of bilateral relations and explored new ways and means of further developing friendly bilateral cooperation with leaders of the five nations. Both sides expressed satisfaction over the development of bilateral relations and emphasized that relations of friendly cooperation based on mutual trust, equality, and mutual benefit would be further developed. President Yang and the leaders of the five nations unanimously held that the foundation and conditions for long-term and stable cooperation are excellent because China and the five Latin American nations complement each other in resources and products and have their own technological strong points. During the visit, China and Mexico successfully held the seventh meeting of the mixed committee for economic and commercial cooperation and reached a new agreement on bilateral import and export trade. Eight documents involving economic and technological cooperation, cooperation on plant and animal quarantine, cultural and sports exchanges, simplification of visa application, and other matters were signed with Brazil, Uruguay, Argentina, and Chile. The five countries also separately put forward positive plans and suggestions for closer economic and commercial relations and increased scientific and technological cooperation with China. Mexico suggested that a committee between the two countries be

established as an organ for coordinating and studying various proposals and opening new channels of Mexican-Chinese cooperation. Mexico and Chile both expressed the desire to continue their cooperation with China on the question of their participation in pan-Pacific economic cooperation, and thanked China for its support. The governments of the five countries deeply sympathized with the lofty cause of the Chinese people to reunify their motherland, reiterated their one-China stand, and expressed their wish to develop long-term, stable, and down-to-earth bilateral relations of friendly cooperation with China on the basis of the five principles for peaceful coexistence. Brazil, Uruguay, and Mexico expressed their support for restoration of China's status as a signatory of GATT. The five countries all agreed that President Yang's visit had brought China's bilateral relations with their countries onto a new stage of development.

President Yang briefed the five leaders and people from various walks of life on the stable political, economic, and social situations in China, stressing that China would firmly follow the socialist road in light of its national conditions and uphold the reform and open policy with economic construction as its central task in order to speed China's modernization. The five countries expressed their admiration for the achievements gained by China in the 11 years since it implemented the reform and open policy, were pleased to see that China was enjoying stability and continuing the reform and open policy, and made known their wish to exchange experience in economic construction with China. President Yang listened to the five leaders as they briefed him on their respective domestic situations. He held that the five countries had accumulated valuable experience in developing their economies, curbing inflation, and arranging foreign debts, praised these countries for mapping out their development strategy in light of their own national conditions, and said the visit had provided him an excellent opportunity to learn from the experience of the people of the five countries in building their country. Through interviews and press conferences in the five countries he visited, President Yang explained China's current situation and domestic foreign policies, thereby enhancing the understanding and friendship of the Latin American peoples for China.

President Yang exchanged his views on the international situation and regional issues with the leaders of the five nations. Extensive consensus was achieved. President Yang and the five leaders agreed that, although vital changes are taking place in the international situation, peace and development remain the two main themes of the present-day world, and that China and the Latin American countries have identical interests and a similar stand on the establishment of new international political and economic orders, the maintenance of world peace, and the promotion of economic development. The five nations all attached great importance to China's international status and influence. Mexican President Salinas said that China's role in the international arena is

becoming more and more significant and it is shouldering much more wide-ranging responsibilities in the world. Brazilian President Collor praised China as an ancient civilization that is able to keep pace with the development of the present-day world, and expressed admiration for China's achievements in reform and opening up over the past decade. Argentine President Menem considered the success of China's revolution to be a milestone and saw great practical significance in China's reforms. They held that China is playing an "outstanding part" in the international arena today and constitutes a "decisive factor in the future world." They emphasized that China is a major force in the maintenance of world peace and that the world cannot do without China's contributions, and deemed that there is every need to consult with China on major international issues in the rapidly changing and intricate international situation. Among the five nations, Mexico, Brazil, Uruguay, and Argentina are members of an important regional organization—the Rio Group. They suggested positive political dialogue with China to promote the development of Sino-American relations.

The leaders of the five nations briefed President Yang on the situation in Latin America. They pointed out that Latin American nations were strengthening internal coordination, striving to speed up regional integration, and seeking further cooperation with other developing countries in an effort to keep in step with the rapid changes that are taking place in the current international situation and the new pattern of the future multipolar world. They emphasized that Latin American nations had taken steps to restructure their economies and pursue a more open economic policy in order to absorb more foreign capital and expand foreign trade.

Through visits and extensive contacts with the politicians, businessmen, media people, and the scientific, technological, and cultural circles of the five nations, President Yang and his delegation felt that Latin America is indeed an economically and culturally better developed Third World region, a continent with great hope and future; that Latin American nations are working hard for their long-cherished dream of making their countries strong and prosperous and building a big Latin American family; and that Latin American nations are playing an increasingly more important role in international affairs. President Yang said on various occasions that China supports Latin American nations in their effort to maintain national sovereignty and develop their national economies and in their just struggle against power politics. China supports the principle advocated by Latin American nations of resolving conflicts through self-determination, noninterference, and peaceful means, as well as efforts made in this connection; and supports the efforts made by Latin American nations to improve themselves through unity and promote regional integration, as well as rational proposals like accelerating debt repayment through development, promoting disarmament, opposing the armament race, and establishing a Latin American nuclear-free zone.

President Yang said it is his belief that, on the foundation of continuous promotion of mutual understanding, mutual support and cooperation between China and Latin American nations will definitely be strengthened and Sino-Latin American relations will see new and greater development. During his visit, President Yang also invited the leaders of the five nations to visit China, and the invitations were accepted with delight.

Despite his busy schedule, President Yang also had cordial meetings with Overseas Chinese and Chinese representatives residing in these five countries. President Yang chatted with them about their daily lives and life back home, extended to the Overseas Chinese compatriots and Chinese friends cordial greetings from the people of the motherland, filled them in on the achievements made in the 40 years since the founding of New China, the current situation of political harmony, prosperity, and stability, and the overall policy for the reunification of the motherland, and encouraged the Overseas Chinese compatriots to carry forward the fine tradition of the Chinese nation by living in harmony with the local people and contributing their share toward the prosperity of their country of domicile, Sino-Latin American relations, and the great cause of the reunification of the motherland. In an atmosphere of harmony and joy, many Overseas Chinese representatives gave impromptu speeches to express their feelings as Overseas Chinese. They said, "Today's China is a progressive and strong China. It has the poise and bearing of a big country." "The motherland is the patron of the Overseas Chinese. Our hearts are linked to the motherland." An Overseas Chinese representative from Argentina presented President Yang with a framed long poem which read, in part, "The nation is united and the leaders are able. Upholding the open-door policy, the country is rich and strong." The Overseas Chinese and Chinese representatives expressed their support for China's construction and reunification and pledged to continue to make unremitting efforts to promote Sino-Latin American friendship.

### 3. The Broad Prospects of Sino-Latin American Cooperation

Sino-Latin American friendship has a long history. Back in the 1570's, the famous "Maritime Silk Road" pioneered by "Chinese ships" opened trade and cultural exchanges between China and Latin America. Chinese silk, ceramics, spices, paper, and other goods were exported to Latin America, while tomatoes, tobacco, potatoes, and corn from Latin America were sold to China. During his visit to the ancient highland capital of Mexico City, President Yang presented to President Salinas and other senior officials with five Mexican eagle silver coins minted in 1893 which were in circulation in China at the turn of the century. These five eagle silvers, together with two large vases from Guangdong and other precious items now housed at the Argentine Presidential Palace, are vivid testimonies of Sino-Latin American friendly exchanges. Since the founding of New China, friendly exchanges between China and Latin America



steadily increased as trade and cultural contacts expanded. The 1970's marked a new stage in Sino-Latin American friendly relations, with many Latin American countries establishing diplomatic ties to China. Since the 1980's, contacts between China and Latin America increased. Many Chinese leaders have visited Latin America. As many as 10 Latin American presidents and seven premiers have also visited China at different times.

Although China and Latin American nations are separated by great distance and have different ideologies, cultural traditions, and social systems, there are no fundamental conflicts of interest or historical grudge between them. To the contrary, we have many points in common. We have all suffered from foreign enslavement and plunder for prolonged periods in the past and have waged protracted and heroic struggles to shake off the colonial yoke and win national independence and liberation. As developing Third World countries, we are confronted with the common task of defending national sovereignty, developing the economies and improving the people's livelihood, and need to build our own countries in an international environment of long-term peace. We all pursue an independent foreign policy, are positive in our efforts to maintain world peace, and oppose foreign intervention and power politics. We all advocate South-South dialogue, the development of South-South cooperation, and the establishment of a new international economic order. President Yang and the leaders of the five nations reiterated time and again that China and Latin American nations are friends who can trust one another, that the development of Sino-Latin American relations is in the fundamental interests of the Chinese and Latin American peoples and is conducive to the unity and cooperation of the Third World as a whole as well as to world peace and stability.

Thus far, China has established diplomatic relations with 18 Latin American countries. The combined area and population of these countries account for over 95 percent of the total area and total population of Latin America. China has signed economic and technological cooperation agreements with the governments of 11 Latin American nations, signed government trade agreements with 12, set up intergovernmental economic and commercial mixed committees with 12, and established official economic and commercial offices in 17. It also opened a trade center in Panama. China has economic and trade ties with practically all countries and regions in Latin America. In 1989, total Sino-Latin American trade reached a record high of \$2.97 billion. Economic cooperation between China and Latin America has seen considerable development. Under the guidance of the principle of "equality, mutual benefit, and common development," China is cooperating with Latin American nations in the field of labor service, and joint ventures have been set up for this purpose. Agreements on 17 cooperative projects have been concluded between China and a number of Latin American nations, with investment totaling \$36 million, about \$22 million of

which will come from China. Latin American nations have established their first joint venture enterprise in China, with four companies or banking offices being set up in Beijing. Cooperation between China and Latin American nations in the fields of science and technology, including high-tech, is gradually developing and has produced initial results.

During his visit, President Yang expressed time and again that in its policy of opening the country to the outside world, China will not only open itself to the developed countries but will also open itself to all developing countries, including Latin American nations. He emphasized the great potential and broad prospects for friendly cooperation between China and Latin American nations. The leaders and businessmen of the five nations agreed that Sino-Latin American trade has ample room for development, and expressed hope that they will make renewed efforts to further broaden this kind of friendly cooperation.

Developing ties of unity and cooperation with Third World countries is the fundamental standpoint of our foreign policy. During his visit, President Yang put forward four principles and five suggestions for the further development of Sino-Latin American relations, the basic content of which may be summed up as follows: China will establish and develop friendly cooperative relations with all Latin American nations on the basis of the five principles of mutual respect of sovereignty and territorial integrity, nonaggression, mutual noninterference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence. Friendly exchanges and cooperation in various fields will be promoted while strengthening political ties. Under the guidance of the principles of equality, mutual benefit, and common development, economic, technological, scientific, and cultural cooperation with Latin American nations will be developed. While promoting friendly bilateral cooperative ties, efforts will be made to strengthen mutual support and cooperation in international affairs. The four principles and five suggestions for the development of Sino-Latin American relations put forth by President Yang were popularly acclaimed and valued by the Latin American media.

The five principles for peaceful coexistence are widely accepted by the international community as time-tested guiding principles for international relations, principles with the greatest vitality. They not only reflect the common aspirations of the developing countries, but are completely in accord with the general requirements for the development of modern international relations. They are not only the basic guiding principles for the development of relations between nations, but are the solid foundation for the establishment of new international political and economic orders. For this reason, the five principles for peaceful coexistence naturally became the core of President Yang's four principles and five suggestions for the development of Sino-Latin American relations, charting the direction for the further growth of Sino-Latin American ties.



South-South cooperation affords an important means for the promotion of common development in Third World countries. When the international economic situation is deteriorating, North-South dialogue has come to a standstill and new changes are taking place in international economic relations, the importance of increased South-South cooperation becomes all the more pronounced. It will not only enhance the collective ability of developing countries to rely on themselves and cope with economic changes in the world, but will strengthen the position of the South in negotiations and promote the progress of North-South dialogue. China sets great store by South-South cooperation and regards economic and technological cooperation with the developing countries, including Latin American nations, as an important component part of its policy of opening the country to the outside world. Sino-Latin American cooperation is an important aspect of South-South cooperation. President Yang's Latin American tour was, in a sense, a major diplomatic exercise aimed at pushing forward and promoting South-South cooperation. The development of friendly Sino-Latin American cooperation is not only conducive to the common development of China and Latin American nations, but has important significance in promoting South-South cooperation, strengthening the unity and cooperation between Third World as a whole, and establishing a new international economic order. The Chinese government will, together with Latin American nations, make renewed efforts to strengthen and develop trade, economic and technological cooperation between the two sides on the basis of the four principles and five suggestions put forward by President Yang during his Latin American tour.

The leaders and people of the five Latin American nations highly appraised President Yang's Latin American tour and praised it as "a historic visit of far-reaching significance" which has "instilled new vitality" in the development of Sino-Latin American relations and "opened a new period in the development of Sino-Latin American relations." We believe that through President Yang's five-nation visit, Sino-Latin American relations will definitely see greater development in depth and breadth in the 1990's.

#### **Patriotism and the Historical Mission of the Chinese People—Commemorating the 150th Anniversary of the Opium War**

HK2308054090 Beijing QIUSHI (SEEKING TRUTH)  
in Chinese No 14, 16 Jul 90 pp 18-23

[Article by Xiao Zhizhi (5618 5268 3112), professor of history, History Department of Wuhan University]

[Text] This year is the 150th anniversary of the outbreak of the Opium War. In the long river of Chinese history, there have been 150 years of wild waves and buffeting, during which little peace has been seen.

This was especially so for the 109 years prior to the establishment of the PRC, a period almost entirely filled

with perils. During that time, our country suffered the depredations of foreign aggression and reached the brink of national extinction. The people of our country were subject to suffering inflicted by Chinese and foreign reactionary forces and suffered a surfeit of pain and misery. However, oppression inevitably produces opposition and the harsher the oppression, the stronger the opposition. In order to escape the adversity, beginning with the Opium War, the Chinese people started to engage in diverse exploration of avenues for saving the country and engaged in brave, unbending struggle in opposition. The Opium War was the beginning of the period in which China fell into a semicolonial, semifeudal society and was also a prelude to a series of struggles by which, in China's modern history, the Chinese people struggled to save the nation from extinction. Patriotism was a powerful motive force in this series of struggles carried out by the modern Chinese people.

#### **1. The Beginnings of China's Entry Into Semicolonial, Semifeudal Society**

The Opium War was not an isolated, coincidental incident. Rather, it was the inevitable result of the West's colonial expansionist policies. It was a continuation and development of the series of aggressive wars launched by the Western colonialists by which they took the world as their battleground and enslaved and plundered the people of the whole world. This war was, as far as Britain was concerned, intended to safeguard the shameful opium trade and, at the same time, it was intended to open China's markets. As Marx said, this was an "exceedingly unjust war." As far as China was concerned, in order to protect national interests, safeguard national sovereignty, and oppose the "extremely evil opium trade," this was an absolutely righteous patriotic struggle, a war which meant the difference between glory and humiliation of the Chinese nation.

The direct cause of the war was the opium trade. The emergence of the opium trade was the result of British colonial policies of plunder. The British sale of opium began in 1708 and, at first, the volume was very small. After 1773, when the British colonialist structure decided on a policy of trading opium to China, the amount of opium transported soared. In the 40 years prior to the Opium War 417,767 chests of opium were sent from India to China. Following the great inflow, opium poisoned the whole country. People in virtually every strata of society indulged in it, even beggars smoked it. The scholar Tan Zhong [6223 0022], who is of Indian nationality, made a specialized study of the origins of the Opium War and estimated that seven in every 1,000 people throughout the country smoked opium. Some foreign works written at that time described the opium dens in China's cities as being as numerous as pubs in Britain. In the 10 years before the Opium War, the amount spent by China annually on opium reached \$16.33 million in silver. This was equivalent to 30 percent of the annual financial revenue of the Qing government.

Because of the large inflow of opium, the poison spread throughout the whole country like a plague, bringing extremely serious harm to China's social, economic, and political spheres, to people's health, and to morality and social order. It directly threatened the continued existence of the Chinese nation. At that time, anyone who had even basic patriotic sentiments advocated a strict prohibition on opium. Lin Zexu saw "the endless pernicious influence of opium and it felt as if my heart were being beaten." The broad masses denounced Britain for "peddling opium, poisoning our bodies and souls, injuring hundreds of thousands of people, and causing the waste of vast amounts of money!... The bitter hatred of the masses has welled for decades."<sup>2</sup> The Emperor Daoguang agreed with the masses' demands to ban opium and appointed Lin Zexu as imperial commissioner to speed to Guangdong to impose the prohibition on opium. In addition, a national opium prohibition movement sprang up throughout China. Within a short time, more than 20,000 chests of opium had been confiscated from British and American opium dealers, more than 15,000 opium smokers were apprehended, more than 2.26 million ounces of crude opium was seized, and nearly 180,000 smoking utensils were gathered up. Most of the opium smokers changed their ways and began new lives. In Guangdong, where the spread of opium had been most serious, there was absolutely no buying or selling of opium and thus the results of the ban were very obvious.

The strict action prohibiting opium seriously struck at the opium dealers. The British authorities saw the opium trade, with its great profits, being lost to them. Thus, in order to guarantee their bloody profits, and ignoring morality, they did not hesitate to employ the force of arms and outrageously initiated the Opium War.

The Opium War was modern China's first test of armed strength with the major Western powers. At that time, Britain was the foremost power in the world. Because of the political decadence of the Qing government, it had poor armaments and was weak in strategy. Thus it suffered repeated defeats. Finally, in August 1842, it was forced to sign the first unequal treaty in modern Chinese history—the "Treaty of Nanking."

After the signing of the "Treaty of Nanking," the aggressors from the United States, France, and Russia followed in quick succession, forcing the Qing government to sign the Chinese-U.S. "Treaty of Wanghsia" and the Sino-French "Treaty of Whangpoa" (both signed in 1844) and the Sino-Russian "Ili-Tarbagatai Trade Regulations" (of 1851). Under these treaties Guangzhou, Xiamen, Fuzhou, Ningbo, Shanghai, Ili, and Tarbagatai were opened as trade ports; Hong Kong was ceded to Britain; compensation of \$21 million was paid for British military expenses; foreign warships were allowed to freely enter the treaty ports; China's import and export tariffs were to be decided through consultation with foreign countries; cases of murder and other crimes by foreign nationals in China would be tried by foreign consuls and China had no right to intervene; if one country obtained

concessions from China, the other countries would automatically enjoy the same concessions. These unequal treaties were like a series of heavy yokes weighing on China's neck. After this, the Chinese nation suffered galling shame and humiliation, China's independence and sovereignty were harmed, China's territory was harmed in an overall way, and China began a descent into semicolonial, semifeudal society. Basic changes occurred in the nature of Chinese society and great waves appeared in China's history. After this, it was not only the feudal rulers, but also the Western aggressors, who rode over the Chinese people. The Chinese people thus fell into even more serious difficulties. The revolutionary task of the Chinese people thus changed from purely opposing feudalism to the dual task of opposing both feudalism and aggression.

## 2. The Narcotic Suddenly Roused the Chinese Nation

In terms of scale, the Opium War was not very large. However, its influence was extremely deep. First, it had a serious effect on the Qing court rulers. Through this war, the decadence and incapacity of the the Qing court was thoroughly exposed. "As soon as the prestige of the Qing court was subject to the British guns, it was swept into the dust. The blind faith in the emperor of the heavenly court, which had lasted for hundreds of generations had been dealt a mortal blow."<sup>3</sup> Second, the defeat deeply educated the Chinese people, enabling them to observe from the war the ferocity and cruelty of the aggressors and to further observe the decadence and uselessness of the Qing government. The foreign aggressors originally intended to use the opium to anaesthetize the people and corrupt the entire nation. However, the actual events which transpired were opposite to those they had hoped for. "The opium did not have a lulling effect, but rather had a stimulatory effect."<sup>4</sup> After the Opium War, the series of aggressive actions by the major powers created a grave threat to the continued existence of the Chinese nation. Their aim in invading China was not to make China into a powerful capitalist country like themselves, but to change independent China into a colony which would serve them. In order to achieve this aim, they adopted all sorts of economic, political, and cultural measures and did not hesitate to use weapons in initiating aggressive wars one after the other, which pushed the Chinese nation toward the abyss of extinction. Faced with such a serious national crisis, how to save the nation from extinction and how to make the country strong and prosperous became the major questions for which modern patriotic people actively sought answers. This was also a sacred historical mission of the modern Chinese people which overrode all else in importance. Generation after generation in modern China has shouldered this historical mission either by seeking a road by which to save the country and the people or by directly throwing themselves into the struggle against imperialism and against feudalism. Actions in both these spheres manifested the noble spirit of patriotism of the Chinese people and were also major indicators of national awakening.

During the period of the Opium War, despite the fact that the Qing Army had been defeated, some patriotic troops waged a heroic struggle against the aggressors in order to safeguard the integrity and independence of the nation. Outstanding among these were Guan Tianpei, Chen Liansheng and his son, the three commanders of Dinghai, Chen Huacheng, and Zhu Gui and his son. Guan Tianpei, who was the commander at Humen, facing the difficult situation where the Guangdong/Guangai regional commander Qi Shen had withdrawn the garrison and was not sending reinforcements, vowed to live or die with Humen. Before the enemy advanced, he sent a person to forward a few of his old teeth and a few pieces of his old clothing back to his hometown in Jiangsu, to show his determination to die for the country. As the battle drew nearer, he divided his personal property among his soldiers, to encourage them to put all their efforts into killing the enemy. When the British Army launched its major attack on Humen, he led several hundred weak soldiers in putting up brave resistance and personally took on the task of firing the cannon. They engaged in heated battle with the British for nearly 10 hours. Later, the British Army attacked the base from behind and he led his troops in hand-to-hand combat with the enemy. Despite receiving dozens of wounds and being completely covered with blood, he refused to leave the battle line, and he fought to his very last breath. When the British attacked for a second time, at Dinghai, the three commanders Ge Yunfei, Wang Xipeng, and Zheng Guohong, led their troops in providing firm defense and engaged in bloody battle with the enemy for six days and six nights. Ge Yunfei fought on the front lines and was unwilling to even take time to eat. He only nibbled a few biscuits each day. In the final stages of the battle, after his sword had broken, he pulled out his dagger and waded into the enemy ranks. He was wounded in over 40 places and his chest and back were peppered with bullet wounds. Even at death, with his back against the cliffs, he continued to remain upright and did not fall, his left eye flashed as if he were still alive and his dagger remained clenched in his fist. This manifested an indomitable, unbending spirit of resistance and terrified the enemy. For the broad masses of soldiers, his actions also showed the absolutely devoted spirit of being prepared to go through fire and water in order to serve the country. After they sacrificed themselves not even one remained alive and they truly became the unknown martyrs. Today, in Shajiao, behind Humen, there is the "Grave of the Righteous Soldiers," which is a mass grave for the remains of those soldiers who sacrificed themselves in opposing the British. Their spirit of resistance against the enemy will long remain inscribed in people's hearts and will encourage people to follow in their footsteps.

Apart from the official Qing troops, the spirit of the broad masses in opposing the aggressors also commands reverence. During the period of the Opium War, whenever the Army went the masses spontaneously rose up to oppose them. The people of Sanyuanli in Guangdong, the Chen brothers in Xiamen, the Heishui group in

Zhejiang, and the Taiwanese fisherman Zhou Zi, and so on, are all famous for their opposition to the British forces. In the latter part of May 1841, the British forces came ashore to the West of Guangzhou and occupied the various batteries to the north of the city. The masses in 103 villages to the north of Guangzhou, including Sanyuanli, organized spontaneously and hundreds responded to each call. On 30 May, they lured the British forces to Niulangang and surrounded them. Tens of thousands of the masses surrounded the groups of enemy soldiers. Although they were armed only with backward weapons such as hoes and spades, they were unified in their intent and all wanted to oppose the enemy in order to protect their families and safeguard the country. Thus they waged a superb battle of annihilation and achieved a brilliant victory, which "several sea battles and tens of thousands of imperial troops had been unable to achieve." This showed the great power of the Chinese people in opposing aggression.

After the Opium War, the Chinese people inherited and carried forward the anti-British spirit which had been seen during the Opium War. For over 100 years they engaged in repeated, unbending struggle with the foreign aggressors and time and again frustrated the imperialists' plans to destroy China. Therefore, the imperialists "have been unable so far to destroy China, and will never be able to destroy China."<sup>5</sup> Their struggle paved the way for the final victory of the Chinese people. Their achievements will live forever and will be recorded for posterity in history!

Achieving victory in the fight against the enemy required both bravery in struggle and skill in struggle. In facing an enemy equipped with new types of weapons, patriotic people did not fear the ferocious adversary, but bravely engaged in mortal struggle with them. This is an extremely valuable patriotic spirit. However, while reliance solely on bravery did allow the frustration of the enemy's plans, it did not allow final victory over the enemy. The great lesson which the Opium War taught the Chinese people was that they came to understand that if one is backward, one will inevitably take a beating, and that if there were to be effective repulsion of the foreigners' aggression, it was necessary to explore ways to defeat the enemy.

Before the Opium war, although the landlord-class reformers had recognized the seriousness of the social crisis and suggested ideas for reforming the problems to the administration, few people recognized the imminent national crisis, and thus did not think that opposing foreign aggression was a major issue (except for the opium prohibition). Furthermore, in terms of how to oppose foreign aggression, no one thought about the need to study Western technological superiorities as a means by which to oppose foreign aggression. In terms of their understanding of the world, there was ignorance all around. From the senior ministers of state down to learned people and scholars, the situation was the same. At that time, China and Britain had been trading for 200



years, and yet the Emperor Daoguang, the prime decisionmaker in the country, did not know in 1842 where Britain was located. During the Qianlong reign, although the Portuguese had unjustly occupied Macao for more than 200 years, the officially compiled *Statutes of the Qing Court* still noted "France occupies Macao, and its local products are elephants and rhinoceros" (volume 98). In the *Guangdong Provincial Gazetteer* compiled during the Daoguang reign, the American and African continents were still being confused. With such ignorance of the outside world by the Qing court and those under it, how could they not have suffered defeat?

The brutal defeat in the Opium War opened people's eyes and abruptly awakened those people with patriotic ideals. They began to realize that Britain and other countries were not backward "barbarian" states, but countries with superior technologies worth imitating. On the one hand, they put forward the call to "study the superior technologies of the barbarians in order to control the barbarians" and held that it was first necessary to study Western science and technology, so as to "turn superior foreign technologies into superior Chinese technologies" and to "employ superior technologies in order to withstand their superior technologies." On the other hand, they also advocated the reform of the domestic political structure. They held that if the domestic political structure were not reformed, there would be no way to make the country prosperous and strong, much less be able to oppose Western aggression. Combining study of the West, reform of the domestic political structure, and resistance to aggression was a far-sighted and sagacious plan. Unfortunately, there was no way that the Qing government could be saved. It had no wish to reform the political structure and did not adopt any effective measures by which to study the West's superior technologies. Thus, there were no major achievements and these plans died. However, as a first step in exploring how to save the country, the efforts of these pioneers were essential. Following the deepening of the national crisis, patriots continued their arduous journey in search of a road of national salvation.

Peasant heroes, led by Hong Xiuquan and Yang Xiuqing, spurred on by the British guns and under the slogan of overthrowing the autocratic rule of the Qing court, initiated the mighty Taiping Heavenly Kingdom uprising. Under the guiding idea of peasant egalitarianism, they attempted to establish a Taiping Heavenly Kingdom which would safeguard national independence, would not be subject to foreign interference, where all would be equal and where no one would go hungry or unclothed. However, because of joint strangulation by Chinese and foreign reactionary forces, the uprising was quickly defeated. China continued to sink into semicolonial, semifeudal society.

At the end of the 19th century, the reform faction represented by Kang Youwei and Liang Qichao studied Western social and political theories and came to understand that the reason the West was strong was not because it had strong ships and powerful guns, but

because those countries had an advanced social and political system. They put forward a proposal for constitutional reform and modernization and hoped, by reforming the feudal system, to achieve their goal of saving the nation and ensuring its survival. This was undoubtedly a step forward from just wanting to study the superior technologies of the barbarians. Because of the stubborn resistance of the diehard faction, the constitutional reform and modernization movement had a very short existence and very quickly fell apart and dissipated.

The bourgeois revolutionary faction represented by Sun Yat-sen and Huang Xin recognized that the Qing court had already become a "foreigner's court" and that there was no way to save the nation without first overthrowing the traitorous Qing government. They organized a revolutionary political party, developed wide-ranging public propaganda, initiated a series of anti-Qing armed uprisings and finally overthrew the Qing dynasty and established the Republic of China. This was also a great step forward as compared to the reform movement of 1898. However, because they were not clear in their understanding of imperialism, the Republic of China regime lasted only three months before their victory was usurped by Yuan Shikai, who had the support of imperialism. "Innumerable heads and an inestimable amount of blood, but unfortunately all that was obtained was a sham republic." With the Republic of China just an empty name, the people sank into even deeper suffering.

All these explorations engaged in by modern lofty-minded patriots involved an extremely valuable spirit, but they all ended in failure. History has proven that, under modern historical conditions, peasant egalitarianism could not save China, bourgeois reformists could not save China, and the bourgeois republic could not save China. It was after these repeated failures that the Chinese people chose socialism. Under the leadership of the CPC, the Chinese people went through 28 years of arduous struggle and finally overturned the three great mountains of imperialism, bureaucrat-capitalism, and feudalism, and established an independent PRC which made its own decisions. Through 40 years of effort they have established an independent, quite complete socialist economic and political system and laid a firm material and political base for realizing socialist modernization. History has repeatedly proven that only socialism can save China, and that only through socialism can China develop. This was a historical choice and a successful one.

### 3. Inheriting the Patriotic Tradition and Struggling To Build Socialism

Patriotism is a major spiritual force with a very powerful unifying strength. It can unify all patriots so that they can powerfully strive for their common goal. Patriotism is also a historical category. The patriotism of every age is tightly linked with the historical mission of that age. Thus, the patriotism of each age has both a commonality and clear characteristics of its time. Modern patriotism



was linked together with opposition to foreign aggression and efforts to save the nation and ensure its future. Today, as we celebrate the 150th anniversary of the Opium War and we look back at the course of struggle over those 150 years, we can clearly see how great the Chinese nation is and how powerful a spiritual force patriotism is. It has produced generation after generation of national heroes, and has nurtured generation after generation of pioneers of the times. This patriotic spirit is where the hopes of the Chinese nation lie and it is worthy of being inherited and carried forward forever.

However, in recent years, some people have adopted a negative attitude and sometimes have even sullied or been disrespectful of the patriotic struggle against aggression by the Chinese people in modern times. They hold that during the Opium War the British had strong ships and powerful weapons, while we had only lances and swords, and that we were inferior to them in both military and economic strength. Defeat was inevitable and opposition was simply pointless death. Their meaning is that opposition by the Chinese people was useless and that they should not have put up any opposition. This view is wrong and very irrational. How, in the face of the evil aggressors, could we have just meekly submitted, resigned ourselves to be captured, and agreed to become slaves to a foreign power?

The struggle against aggression by the Chinese people was a just struggle to safeguard national interests and national sovereignty. In the face of the powerful enemy, disregarding their power and our own weakness, the Chinese people dared to fight to the death and this was an outstanding manifestation of the Chinese people's noble patriotic spirit. Negating this struggle is, in fact, negating patriotism and negating the sacred historical mission of saving the nation from extinction. If, in the face of the enemy, we had laid down our weapons and surrendered without battle, China would have perished long ago. In fact, it was because of the staunch opposition by the Chinese people that, in modern times, China was able to maintain a semicolonial status and was able, through struggle, to continually grow and become stronger and finally, under the leadership of the CPC, to fully defeat the Chinese and foreign reactionary forces and establish the PRC. Without heroic struggle by the people in modern times, a struggle where another stepped into the breach when the one ahead fell, how would the final victory of the Chinese people have been achieved? How would we have been able to achieve the situation we have today whereby we stand proud among the nations of the world?

Another view some people hold is that the opposition by the Chinese people was not only useless, but also unnecessary. According to the people who hold this view, it would have been best for China to have traveled the road by which it would have become a colony. There are some who claim that China "should have been a colony for 300 years" as it thus would have become powerful and strong. How can people who say such things consider themselves Chinese!

What is the essence of being a colony? What does it mean to the local people? Historical facts long ago answered these questions. Today's Central and South America were the earliest places to become colonies. After the Spanish and Portuguese colonialists occupied these areas they butchered the local people. According to some estimates, at least 50 million people met their deaths through the guns of the colonialists. After Africa was colonized, the colonialists went deep into the African hinterland and, as though they were hunting wild beasts, they pursued the black people and sold them off as slaves. Thereby, hundreds of millions of black African people, if they did not end up becoming tools that could talk, died tragic deaths through being hunted and transported. To the southeast of Australia is the island of Tasmania, where for generations tens of thousands of Tasmanians had lived. After the British colonialists occupied this island, they engaged in wanton slaughter and, in a few decades, they had killed every one of the Tasmanian people. Is this not sufficient to show what colonialism means?

Reading the history of China makes one feel miserable. One finds that most Chinese were used as horses and cows for labor. In fact, China sank only to a semicolony, but the Chinese people still saw their fill of suffering. In the eyes of the aggressors, the Chinese people were not even the equals of cows and horses. In the 1970's I conducted a survey in the old Hankow concession area. Old workers who had worked in the concession at that time told me the foreigners and their running dogs did not consider the workers as people. They openly abused them as being "two-legged mules," saying "we cannot find any three-legged frogs, but we have plenty of two-legged mules." In the concessions, the dockworkers could not walk on the streets which were used by the foreigners. The dockworkers carried 300-jin sacks of cotton for a distance of two li from the river dock to the warehouses, and they were not allowed to rest or sing work songs while carrying the sacks. A Chinese person spat some phlegm on the road on one occasion, and a foreigner forced him to lick it up. In the concessions, Chinese people were subject to discrimination such as this. Also, as soon as the colonialists set foot on Chinese soil, they began their criminal actions of abducting and selling Chinese workers abroad. They called the Chinese workers "piglets" and referred to this callous business as the "piglet trade." These Chinese workers who were abducted or cheated were transported all over the world to be sold. During this process, they were stripped of their clothes and locked naked into barred compartments, to be chosen at will by the purchasers. According to statistics, in the first 50 years of the 19th century 320,000 Chinese workers were abducted and sold abroad. After the Opium War, from 1851 to 1875, there was a great leap to 1.28 million people. China had only sunk into a semicolonial situation and yet look at the suffering it had to bear. What would have happened if it had become a colony? It is self-evident. If we look at the northeast of China after the "September 18th Incident," because of Chiang Kai-shek's policy of nonopposition,

the people of the northeast fully experienced how it felt to be slaves of a foreign power. In the three northeastern provinces, the Japanese Army wantonly burned, killed, looted, and plundered, with the result that tens of thousands of villages were burned and tens of thousands of Chinese people were killed. The Japanese imperialists established military police, civilian police, courts, jails, and other organs to suppress the Chinese people in those places. The Japanese sham military police, civilian police, and spies went all over the place perpetrating outrages and arresting and killing Chinese people at will. According to incomplete statistics, in the northeast in the two years from 1932 to 1934, over 97,000 people were executed for the "crimes" of "opposing Manchukuo and opposing the Japanese." An inestimable number of people were executed for other "crimes." The Japanese also implemented a *baojia zhidu* [the *bao-jia* system was an administrative system organized on the basis of households, each *jia* being made up of 10 households, and each *bao* of 10 *jia*]; when one person violates law, everyone in the *jia* is equally punished; and the Japanese instituted "merging villages and households" in order to suppress the Chinese people's opposition. Even worse, in order to be able to engage in germ warfare, the Japanese bandits established the so-called "Ishii Top Secret Facility" near Harbin in 1932 and 1933. There they heartlessly used the Chinese people to replace animals in bacterial experiments.

History has repeatedly proven that trying to realize modernization through the path of colonialism and placing hopes for modernization in the charity of the aggressors is just like trying to buy a tiger's skin from the tiger itself. It is but a wild dream. In achieving modernization, we can only rely on the independence, autonomous decisionmaking, self-reliance, and hard work of the Chinese people themselves. There is no other way. The modernization which we need is not capitalist modernization where a small number of people become wealthy and prosperous and the majority are exploited and enslaved. We need socialist modernization where the people of the whole country enjoy common prosperity. This is one of the deep lessons which the 100-plus years since the Opium War have taught us.

In recent years, there have also been some people who have said that "China's adoption of the socialist road was a mistake," and they hold that the only way out is the adoption of the capitalist road. This is nonsense that disregards history and the present.

The practice of modern China has repeatedly shown that there is no way in which the capitalist road can work in China. As to today's socialist system, although it needs further improvement, it has shown great vigor over the last 40 years. Forty years ago, we received a shambles of a country from the KMT [Kuomintang], with the economy in ruins and with the people living in destitution. Over the last 40 years, although there have been some setbacks and mistakes, we have had the fastest economic growth in 150 years. We have jumped from

being a humiliated semicolon to being a strong independent socialist state. In terms of speed of industrial development, our country has completed in 40 years what it took capitalist countries 100 to 200 years to accomplish. We have, through self-reliance, established an independent, complete socialist industrial system and national economic system, which include many high technologies. Our country's steel output, electricity generation, grain and cotton output, and oil and coal output all figure in the front ranks of the world. We have strong national defense and our nation's international position has reached an unprecedentedly high level. With only 7.2 percent of the world's cultivated land, we have resolved the problems of food and clothing for one-fifth of the world's population. The achievement of these victories show undeniably the superiorities of the socialist system. Every fair-minded person, even those with only a little national self-esteem, cannot but feel pride in these achievements. How can this be said to be an "historical mistake"?

The 150 years of history have shown that the combination of patriotism and the historical mission of the times can become a major spiritual force. All true patriots emphasize the interests of the motherland and the interests of the nation. Today we have established an independent, prosperous, and strong socialist country. Socialism was the final choice of the Chinese people over the last 100 years and is where the basic interests of the people of the whole country lie. If we go against socialism and allow capitalism to revive, all the achievements of the struggle and sacrifice of the Chinese people since the Opium War will be lost. China will inevitably fall into stagnation and chaos, the country will be rent by disunity, it will again become an appendage of imperialism, and the broad masses of people will again be in a situation where they are not even equal to cows and horses. Thus, safeguarding socialism and struggling strongly to realize socialist modernization is the sacred mission of today's Chinese people. All true patriots and all people who hope that China will become rich and prosperous must carry on the glorious patriotic tradition which has existed since the Opium War, not forget yesterday's humiliation and struggles in opposition, cherish today's independence and progress, shoulder the sacred mission of the times, strive to safeguard the achievements of socialism, and struggle powerfully to achieve socialist modernization.

#### Footnotes

1. *Collected Works of Marx and Engels*, Volume 12, p. 177.
2. See "A Public Call to Arms by the Righteous People of Guangdong/Guangxi."
3. *Collected Works of Marx and Engels*, Volume 9, p. 110.
4. *Ibid.*, Volume 15, p. 545.
5. *Selected Works of Mao Zedong*, Volume 2, p. 595.

### Comments on So-Called 'Second-Generation Marxism'

HK2308050190 Beijing QIUSHI (SEEKING TRUTH)  
in Chinese No 14, 16 Jul 90 pp 24-27

[Article by Hong Qixiang (3163 1142 4161), Shanxi Provincial Academy of Social Sciences]

[Text] In recent years, in the tide of bourgeois liberalization which has appeared in our country's theoretical circles, some people have, under the banners of "development" and "renewal," done all they can to attack and negate Marxism, and have vainly attempted to use a few fashionable so-called theories to replace Marxism. For example, some people have wanted to use the so-called "theory of intellect value" to replace the "theory of labor value and surplus value," to use the so-called "theory that intellectuals are the mainstay of society" to replace the "theory that the proletariat is the mainstay of society," and to use the so-called "systematic, three-dimensional thought mode" to replace scientific dialectical thought, and so on. On the basis of these ideas, they propose establishment of a so-called "second-generation Marxism." This is a major matter of right and wrong in theoretical principles, and we must thus seriously analyze and clarify the issue.

#### 1. Can the So-Called "Theory of Intellectual Value" Replace Marx's "Theory of Labor Value and Surplus Value"?

According to these people's claims, "First-generation Marxism was produced in industrial society and played a role through the entire industrial society. The value and surplus value of industrial society was created mainly through labor, and thus the theory of labor value or the theory of surplus value became the cornerstone of the theoretical system of first-generation Marxism. Second-generation Marxism will emerge in the information society (postindustrial society) and will play a role through the entire information society. The value and surplus value of the information society will be created mainly by the intellect and thus the theory of intellect value will become the cornerstone of the theoretical system of second-generation Marxism."

Here, we will for the moment ignore their mistakes in mixing up the theory of labor value and surplus value, and confusing Ricardo's theories with Marx's theories. We will just examine how this idea turns upside down Marxist relations between the specific and the general and between the phenomenon and the essence, how it artificially totally splits "labor and intellect" and "physical labor and mental labor" and how it creates antagonism between the "theory of intellect value" and the "theory of labor value."

First, everyone knows that in Marxist economic theory the concept of labor involves both physical labor and mental labor. In Marx's words, this involves "the production consumption of people's brains, muscles, spirit, hands, and so on."<sup>1</sup> Regardless of whether we speak of

physical labor or mental labor, both are general social labor by people. So-called "intellect value" is, in the end, a question of value created by mental labor. That is, it is a question of the value of general social labor. It is extremely clear that the so-called "theory of intellect value" does not and cannot transcend the category of the theory of labor value.

In the view of Marxism, there is certainly a difference between the specific characteristics and degree of complexity of manual (physical) labor and mental (intellectual) labor. However, the value they have, that is their value as labor, is determined by the socially necessary labor time required to produce and reproduce their own capacities. Under capitalist conditions, regardless of whether we speak of manual (physical) labor or mental (intellectual) labor, in the process by which they are effectively utilized, both can create value and surplus value. That is to say, Marxism's theory of labor value and surplus value includes the so-called "theory of intellect value." Here, "intellectual" (mental) is spoken of relative to "manual" (physical), not relative to "labor." If intellectual or physical activities are not put into an effective labor process, neither can realize or create any value. Thus, it is wrong to talk about so-called "intellect value" divorced from "labor value." According to the view of materialist dialectics, the "theory of the law of value" is "general." The "theory of intellect value" and the "theory of physical value" are specific. The "general" cannot exist divorced from the "specific" and the "specific" inevitably includes the "general." The relationship between them is one of inseparability. It should also be pointed out that the use of the so-called "theory of intellectual value" to negate Marxism is not some new discovery, but a viewpoint of modern bourgeois thinkers. For example, in *The Major Trends*, Nesbitt says "We must create a theory of knowledge value to replace the theory of labor value."<sup>2</sup> Also, J. Habermas in *Towards a Rational Society* says, "...Technology and science have become the major production forces, and thus Marx's theory of labor value has lost its role. At a time when scientific and technological processes have become an independent source of surplus value, the role played by the labor of direct producers becomes increasingly small."<sup>3</sup> It should be pointed out that science and technology are, in the end, creations of people's labor and are controlled and utilized by people. Thus, the surplus value which they create is, in the end, produced by their creators (including, of course, their users). That is, it is created by people. Further, the progress of science and technology will, to an increasing degree, be liberated from the direct production process. This was a brilliant prediction by Marx long ago. Under capitalist conditions, the progress of science and technology only reflects that the avenues and measures used by capitalists in exploiting surplus value have become increasingly dependent on intellect, and it is certainly not a negation of the theory of labor value and the theory of surplus value.



Second, the so-called "industrial society" and "information society" (or postindustrial society) are only one-sided and distorted summaries and descriptions of various phenomena and characteristics of contemporary capitalist society. They are nonscientific concepts attempting to cover up the nature of capitalist society. The claims that "first-generation Marxism was produced in industrial society and played a role throughout the entire industrial society" and that "second-generation Marxism will be produced in the information society and will play a role throughout the entire information society" and so on seem to be logical, but actually they look only at the phenomena to negate the essence. Marx's "theory of labor value and surplus value" is a scientific analysis of the capitalist relations of production and they apply to all stages of capitalist social development. Certainly, capitalism has, in the modern age, seen very great development and changes and it is greatly different from what it was like in Marx's time. However, its essence has not changed. For example, the basic contradiction between the socialization of production and capitalist private appropriation of the means of production has not changed, and the relationship of exploitation between capitalists and workers has not changed. Further, while capitalism exists, its essence will not change. Thus, Marx's "theory of labor value and surplus value," which reveals the essence of capitalism's existence and development, is certainly not outdated. It will not and cannot be replaced by any other theory (including the "theory of intellect value"). There is no doubt about this.

## 2. Can Intellectuals Replace the Proletariat as the Mainstay of Society?

The proponents of the theory of "second-generation Marxism" further say that "first-generation Marxism is based on the theory of labor value and naturally holds that the proletariat and the whole body of laborers are the main part of society, and are the main force that propels history forward. Second-generation Marxism is based on the theory of intellect value and naturally holds that intellectuals (in the West, this refers mainly to white-collar workers) are the mainstay of society and are the main force that propels history forward. Thus, the intellectuals are the main carriers of knowledge, information, and intellect." This idea that intellectuals will replace the proletariat and the whole body of the laboring masses as the "main part of society" is likewise untenable.

First, according to Marxist theory, the division of work and the antithesis between physical labor and mental labor are produced and develop at a certain historical stage in the emergence and development of human society, and will, when human society develops to a higher historical stage, gradually be eliminated. However, under capitalist conditions, regardless of whether people are blue-collar workers or white-collar workers, they are all essentially employees of capital. Their social position and conditions of existence essentially concur

with the scientific stipulations Marx laid down for proletarian, employed laborers. The process by which white-collar workers gradually increase and blue-collar workers gradually decrease does not and cannot negate the Marxist theory of capitalist-employed labor. It is completely illogical to deny that white-collar workers are proletarian, to call them "intellectuals" and, on this basis, claim that intellectuals have become the "main part of society."

Second, according to Marx's theory, the development of the proletariat always accompanies the continuous development of capital. Following the progress of science and technology and the process by which it has continuously been drawn into the production process, capital has naturally required that workers receive increasingly higher levels of general education and more specialized professional training. The development of capitalism is, in this way, continually creating its own gravediggers. According to statistics, over 80 percent of the economic growth in developed capitalist countries since the war has been achieved through improved labor productivity. In turn, over 80 percent of this improved productivity was realized through new science and technology. This fact proves that science and technology has a growing importance in the development of modern society. We must fully stress the importance and role of science and technology. In capitalist society, because the production process is increasingly subject to a high level of science and technology, the increasing combination of mental labor and physical labor has become the general trend in the development of labor forms. It should be stated that this process clearly shows that the proletariat is a class with great prospects. In the course of the new technological revolution, the proletariat will finally mature into producers with a high degree of culture and a high degree of science and technology. This will open new prospects for their liberation. Thus, the above-mentioned process occurring in the so-called information age is an affirmation rather than a negation of Marxism. It should be made clear that the claim that, in "information age" society, the part main of society will not be the proletarian laboring masses, but the so-called "intellectuals" is but an argument being put forward by the modern bourgeoisie to oppose Marxism.

## 3. Can the So-Called "Systematic, Three-Dimensional Thought Mode and Its Philosophical System" Replace the Dialectical Thought of Marxist Philosophy?

This is the third major basis on which they are to establish their so-called "second-generation Marxism." They say, "Prior to first-generation Marxism, people's primary mode of thought was a metaphysical, straight-line form. On the basis of Hegel's ideas, Marx further criticized metaphysics and established the dialectical method of thought. Dialectical thought stresses the two poles of a question (for example the positive and the negative, the cause and the effect, the phenomena and the essence) and from a multitude of poles forms a plane. Thus first-generation Marxism is mainly bipolar thought, which can also be referred to planar thought.

This was, to a certain degree, related to the fact that the scope of activities of people in that time was restricted to the earth's surface. In the age in which second-generation Marxism will be posited, people's scope of activities will not only have expanded to space, but also expanded to within the earth, and thus people's mode of thought will develop from planar thought to three-dimensional thought, and its specific manifestation will perhaps be a systematic mode of thought or a mode of thought even higher than systematic thought. Thus, this mode of thought will stress the mutual roles and effects of diverse aspects, diverse elements, and diverse positions, and will no longer be restricted by the Newtonian model of 'that which determines and that which is determined' and 'action and reaction.'"

Here they sum up the development process and history of theoretical thought into the three stages of "metaphysical, straight-line thought"; "dialectical, bipolar planar thought"; and "systematic, three-dimensional thought." This distorts, on a very basic level, the entire history of philosophy. In fact, the basic course of development of man's theoretical thought moved from ancient naive dialectical thought, to modern metaphysical thought, and then (through Hegel) to Marxism's scientific dialectical thought. The materialist dialectics of Marxist philosophy is a scientific summation and sublimation of the positive achievements of all mankind's thought. First, it is very fashionable and apparently appealing to sum up metaphysical thought as "straight-line thought," to sum up dialectical thought as "bipolar, planar thought" and to put forward the "new thought, new concepts, new understandings, new methods, and new theories" of three-dimensional thought. However, the putting forward of such ideas lays bare the fact that the people who have put forward these ideas are unclear about even basic questions such as what constitutes metaphysical thought and what constitutes dialectical thought. These questions were long ago scientifically expounded upon by Engels. He said, "To the metaphysician, things and their mental reflections, ideas, are isolated, are to be considered one after the other and apart from each other, are objects of investigation that are fixed, rigid, and given once and for all. He thinks in absolutely irreconcilable antitheses. 'His communication is yea, yea; nay, nay; for whatsoever is more than these cometh of evil.' For him a thing either exists or does not exist; a thing cannot at the same time be itself and something else. Positive and negative absolutely exclude each other; cause and effect stand in a rigid antithesis to the other." "Dialectics, which knows no hard and fast lines, no unconditional, universally valid 'either-or,' and which bridges the fixed metaphysical differences, and in addition to 'either-or' also recognizes in the right place 'both this and that' and reconciles the opposites, is the sole method of thought appropriate in the highest degree to this stage in the outlook on nature."<sup>4</sup> From these expositions, we can see that, even if we concede that there is some substance and logic to the claim that the metaphysical mode of thought is a straight-line mode of thought, the statement that dialectics is bipolar, planar thought is

pure nonsense. Thought that "stresses the two poles of a question" is actually metaphysical thought, not dialectical thought. Why do they obstinately state that the characteristics of metaphysical thought are the characteristics of dialectical thought? Put bluntly, it is because they want to defile Marxism's dialectical thought and want to use their fashionable term of "systematic, three-dimensional thought" to "transcend" and "replace" the dialectical thought of Marxism. This idea and practice go against both science and fact.

Second, what is the so-called "systematic three-dimensional mode of thought"? They say that "this mode of thought stresses the mutual roles and effects of diverse aspects, diverse elements, and diverse positions." It is not difficult to see that the putting forward of so-called "systematic three-dimensional thought" is advocating the "theory of the plurality of truth" and opposes the guiding role of Marxism in socialist ideology. They attack Marxism by saying that it looks at questions dictatorially and in an isolated way. Such criticism is entirely baseless. Marxism is an open ideological system. It firmly adheres to the principle of looking at questions in an overall way from diverse angles (including three-dimensionally) and from many positions, by examining the mutual relationships between things. Marxism firmly opposes abstract, absolute identity, and, rather, advocates concrete diverse unity. In dialectical thought, there is a principle of dialectical thought involving concrete concepts and concrete identity which is higher than the principle of abstract concepts and abstract unity in formal logic. In Marx's words: "The concrete is the concrete because it is the concentration of many determinations, hence unity of the diverse."<sup>5</sup> Here, the concentration of many determinations, the unity of the diverse or, put simply, the "unity of opposites," is the principle of concrete concepts and concrete unity in dialectical thought. Not only this, but the entire system of dialectics stipulates how to master the concrete. That is, it is a tight systematic method by which the abstract can be raised to the concrete. In his "Logic," Hegel set down the entire logical method of dialectical thought by which to grasp concrete concepts. Marx transformed this and applied it in analyzing capitalist society. In *Das Kapital*, he proceeded from the "commodity," the cell of the capitalist economy, and not only concretely demonstrated the production and circulation processes of commodities generally, but, through dialectical synthesis, he showed in an overall way the entire process of capitalist commodity production and circulation. Using the conceptual movement model of dialectical thought, he concretely duplicated and reproduced a model of the actual movement of typical capitalist society. This gave the concrete concept of capitalist society. It cannot really be denied that contemporary systems theory (as well as cybernetics, information theory, and other new scientific and technological theories), have provided much new material and many new ideas for the development of Marxist philosophy, that is, for the development of dialectical thought. However, it is wrong, no matter how it is done,

to directly transfer these ideas into dialectical thought, or even to try to use them to replace dialectical thought. This is not a question of levels. Even if systems theory goes through "evaporation" and "distillation," is raised to a philosophical conclusion and philosophical method, and becomes an organic component of Marxist philosophy and dialectical thought, it must be stressed again that it will not be "replacing" them. As to regarding the dialectical relationships of "that which determines and that which is determined" and "action and reaction" which are put forward in Marxist philosophy, as mechanical "Newtonian models," if this is not due to ignorance of the history of science and the history and development of Marxist philosophy, then they must have ulterior motives in making such a statement.

To sum up, the various bases for establishing so-called "second-generation Marxism" are all nonsense. What they have done is just gather together the comments and distortions of a few bourgeois scholars. There is no creativity at all in their ideas. If the people who advocate so-called "second-generation Marxism" subjectively do not want to violate Marxism (for they do still propose Marxism), the method they have used and the road they have traveled has led them into a mire. We hope that they can find a way out of their own "mess".

#### Footnotes

1. *Collected Works of Marx and Engels*, Volume 23, p. 57.
2. John Nesbitt, *The Major Trends*, p. 15.
3. Daniel Bell, *Contemporary Western Social Sciences*, p. 116.
4. *Selected Works of Marx and Engels*, Volume 3, p. 535.
5. *Ibid.*, Volume 2, p. 103.

#### Importance Should Be Attached to the Educational Function of Films

HK1608015390 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 14, 16 Jul 90 pp 28-30

[Article by Tan Chunfa (6223 2504 4099)]

[Text] Today, China needs more films that will encourage people to stay united and march on the road of reform and openness. The country also needs films that are dedicated to the struggle of building socialism with Chinese characteristics. In order to make such films, we must first pay attention to and implement the educational function of films. In other words, when we make a film, we must first consider and try to present its educational value, so that the audience can absorb progressive ideas through watching it. If we are guided by progressive ideas, together we can create a socialist society where material culture develops harmoniously with spiritual culture.

However, the recent theory of "entertainment theme" and "entertaining our lives" has made its way into film production. There have been many entertaining films that had no content and were poorly made. There are many more entertaining films than educational films. This kind of situation is harmful to the building of socialist material and spiritual culture.

Where then, should Chinese films go from here? I think the most important thing to do is to go back to the root of the problem. We need to enforce the role of education and combine it with entertainment. We must put truth, goodness, and beauty together in our films. Only then will they have any real future.

Indeed, when we review the history of the development of art and literature, we will discover that people of every class consider the most important value of art and literature is its educational function. The saying "literature is for conveying morals" defines the function of artistic and literary pursuits. The history of Chinese films shows that we have an excellent record in this respect.

The record shows that progressive filmmakers have always emphasized the educational role of films. They have a serious sense of historic duty and social responsibility. The development of Chinese films started late. But even back in 1913, *Couples in Trouble*, the first Chinese feature film, made by Zheng Zhengqiu, denounced the feudal marriage system as unreasonable and encouraged the democratic idea of freedom of marriage. This film started the trend of films as "conveyors of morals." Later, Zheng expressed the opinion that films should be able to "educate and influence society," and he made several more films to prove his point. During the 1930's, "leftwing" movie makers such as Xia Yan became prominent. They expanded the educational function of films to a new extent. Whenever there was a chance, they would try to inject progressive and patriotic thinking. Socialist films grew tremendously in the fifties and sixties. Excellent movie makers like Cui Wei, Zhao Dan, Zheng Junli, and Yu Lan never failed to emphasize and put forth the ideal of "serving the people" and "serving socialism." Their films represented the mainstream of "moral films."

Our tradition also showed that audiences were used to the idea of learning from movies. They were partial to movies that had meaningful content and positive socialist effects. They expected to be educated and inspired by films. For example, when *Li Shuangshuang* came out, most people, and specially farmers, went to see it. People imitated Li Shuangshuang. It was clear that the moral virtues such as selflessness, courage, and collectivism explained in this film had won the audience over. As another example, *Happiness Everywhere* was the most popular film after the gang of four was smashed. When it was shown in the rural areas, some farmers watched it four times. The more they watched, the more they wanted to see it again. This film showed the socialist ethical practice of respecting elders and caring for the



young. *The Founding Ceremony of Our Nation* was a feature film made recently. When it was shown in Beijing, it caused a "sensational reaction." The audience appreciated the tremendous momentum and the force of patriotism expressed in it. The ceremony that took place on Founders' Day did not last long, but the audience who saw the movie realized that the people and their leaders had brought about that day through their struggle and with their blood and sacrifice. The audience understood that it was not easy to establish the New China. Thus, we must treasure our country and work hard to make it stronger. We have to improve our nation so that it will become more prosperous, perfect, and lovable.

Recently, film companies have been affected by economic problems. These companies thus think that it is more important to make entertaining films. There are many actors who are enthusiastic about making entertaining movies and making money. This will only be a temporary and superficial condition, because the history of films shows us that the only way to help film companies out of their economic dilemma is to put ideological power back into films; the ability to entertain is not enough. At the end of the twenties and the beginning of the thirties, society was flooded with entertaining films on martial arts, gods, and spirits. When Shanghai was "an isolated island," there were many entertaining films with actors wearing ancient costumes and telling folk tales. But audiences soon grew tired of these. Film companies were in a bad fix. The future of film seemed to have reached a deadend; a new solution had to be found. This fact should be a convincing example that films cannot be made for entertainment only.

The long-term way to view the function of socialist filmmaking is to say that we should be producing films that reflect life and apply to typical people. The major theme should be about people who take the initiative. The masses can then understand and appreciate noble spirits and excellent moral quality. They will look forward to a better life and will try to achieve the goals set by our socialist system. We can hardly expect a nation to have a firmly established and developed socialist system if it is filled with backward and low-class films, and its people are so affected that they are dispirited, passive, depressed, immoral, and corrupt.

When we talk about the educational function of films, we must clarify two points:

First, whenever the word educational is mentioned, some people will automatically think that it means a lecture and they will completely reject the term. This is a one-sided interpretation. Lectures are made from a personal point of view. Sometimes the film script writer means "well." He ignores the development of the story and its characters, and forces his viewpoint on the audience. This situation existed in films in the past. This is not a good way to make films; it should be abandoned. An educational film is a different thing. The writer looks at things from an objective and realistic point of view. He then develops the theme and the characters in the

story. He influences people's thinking and feelings through the progressive ideas of the film's characters. The audiences' minds will be aroused. They will think only of beauty; any ugliness will be rinsed away. Many excellent films have the same effect on people. Sometimes, the script writer will let his character give a moral lesson. We should not simply summarize the film as a "lecture." When the moral lesson fits the situation and the development of the film, then the lesson is necessary. When a film character gives an inspirational speech and uses jargon, we should not denounce the film as if it were filled with slogans. We must analyze it. Inspirational speech and jargon may be suitable in certain circumstances, and they may be necessary for the logical development of a character. When a slogan is uttered in the film, it can make people feel as if lightning has just swept through the sky. This brilliant light can arouse the passion and the willpower of the audience. For instance, last year, television stations reran the movie *Dong Cunrui*. Dong Cunrui had a bag of dynamite in his hand; he was ready to sacrifice his life in order to destroy the bridge tower. When he yelled, "For our motherland, onward," the noble spirit of his sacrifice, which enabled the liberation of his country, was glorified to the highest degree. The audience was very much aroused. Film-makers have stylized the educational method of injecting into the films some inspirational speeches that are suitable and logical to the story and its characters. This is now an art form and should be accepted.

If we deny the value of all the educational films made since our country was founded, and even say that no film existed before *Yellow Earth*, then it is not just a one-sided opinion; it is an expression of nihilism. We do not deny that "leftist" ideology dominated the film industry after the country was established. There were times when film artists decided that "they did not want any artistic achievement and they would be satisfied if they were not blemished politically." The trend was to make films that were heavy in ideology, but void of any artistic value. The films tended to be molded into generalizations and formulas. The film industry finally hit bottom during the Cultural Revolution. We must never forget this bitter lesson. Meanwhile, because in their hearts film artists always want to pursue the truth and act responsibly toward the people, they managed to make a lot of good films, such as *Steel Warriors*, *The White-Haired Girl*, *The Red Detachment of Women*, *Women Warriors of the Yang Family*, *Neighbors*, *Coming to Middle Age*, and *The Laurel on the High Mountain*. The artistic achievement of these movies has been publicly acknowledged in our film history. If we ignore this historical fact and insist that before *Yellow Earth* there was no film, then our attitude is neither historical nor scientific. This kind of attitude is not beneficial to the development of our films, nor is it good for artistic heredity and creativity. When we examine films in our country, we should understand the historical restrictions. But we should also acknowledge that these films have been functional in educating our people, and have contributed to the socialist revolution and construction. Only then

can we give a fair conclusion to the past and effectively explore the future. Only then can our films become the art of truth, goodness, and beauty, then they will attract billions of viewers.

Second, we must clarify that it is not outdated to assume that audiences learn from films. We know the theory exists outside of China. This theory holds that, in traditional films, the director arranged life in order to explain life, to relate certain concepts, and that this way of making films cannot and should not continue. The reason for this argument is that audiences now generally have more sophisticated cultural backgrounds, thinking ability, and art appreciation. Let's set aside the foreign situation. We are sure that we cannot apply this theory under our national conditions, at least not to every part of the country. As for our cultural standards, China has 230 million illiterates. It is an undeniable fact that the reform and open policy has improved our material life. At the same time, our moral standards also have spiritual support. This happened because for a while we ignored our political and ideological education. Many knowledgeable people have been asking that we pay attention to and reinforce civic education so that the quality of our race can be improved. Therefore, film as an educational tool is not an outdated concept, it is still up-to-date. It is not that we have too many educational films, we do not have enough. Filmmakers should do more to educate audiences through films. They should help the audience alleviate the spiritual burden in their lives and work. The people need to have a correct viewpoint of life and moral standards in order to march bravely on the main road of socialism. That would be the long-term goal, a goal that can be beneficial to everyone.

Some people worry that emphasizing the educational function of films will result in films that are formulaized and generalized. In the end, the film industry may be completely wiped out. We need not worry that this will happen. Progressive ideas are not products of the imagination, invented by great sages who have spent hours facing the wall. These ideas are the product of historical creation. We can accurately present progressive ideas and let them appear through any artistic elements such as the characters, story, and scenes. This way, the films we produce will definitely be profound and artistic. Because these films reflect the tempo of our time honestly, they will be popular among the people.

Of course, to emphasize the educational function of films does not mean to simply repeat the style of the fifties and sixties. No audience will agree to that. We cannot and should not allow the educational function to overwhelm other functions such as perception, aesthetics, and entertainment. If the educational function is isolated on one side, opposing the others, the film will not be of much use. This kind of extremism does not help the development of films, it will also hurt filmmakers and the audience. A film can be educational while it fulfills other duties. But for the present moment it is more urgent to reinforce the educational function. The educational function should be amusing, and it

should be presented in artistic form and images. Comrade Li Ruihuan said at the National Feature-Film Creation Conference, "Filmmaking is to combine the functions of education, perception, entertainment, and aesthetics. It also means uniting ideology and art."

The director of *The Founding Ceremony of Our Nation*, Li Qian'an, once said to the press, "Film artists should assume their duty to make films educational." These words came from a conscientious and far-sighted film artist. I believe that other filmmakers, after some exploration and thinking, will become more mature and make more educational, civilized, and healthy films. In an atmosphere that is filled with progressive thinking, people will feel the effect unconsciously, their minds will be cleaned, and their energy aroused. The future of our national film development will be great.

### On the Socialist Commodity Economy

HA2208052790 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 14, 16 Jul 90 pp 31-36

[Article by Su Xing (5685 2502)]

#### [Text] I. Socialist Economy Is a Planned Commodity Economy

The conclusion that a socialist economy is a planned commodity economy agrees with objective reality.

A commodity economy is the product of the disintegration of the natural economy. The characteristics of the natural economy are: products basically do not enter, or only partially enter, the circulation process, and "the whole, or the largest part of the whole, of the economic conditions are still generated within the economic unit and obtain compensation and reproduction directly from the gross products of the economic unit itself."<sup>1</sup> Among these units, some are very small (single peasant household) while some are relatively large (single manor). In our country, for several thousand years the natural economy occupied the ruling position, and only in the modern era did it begin to disintegrate. On the eve of liberation, our country's rural commodity economy was already considerably developed, the commercialization rate of agricultural products surpassed 30 percent, and, aside from a minority of localities, the state of a commodity economy or seminatural economy already existed, and it was no longer a pure and simple natural economy. In urban areas, the commodity economy had always been the focal point.

Since the establishment of the PRC, our country went through a period of the coexistence of various economic constituents. At the time the economic constituents consisted of a socialist state-run economy, a cooperative economy of a semisocialist character, a private capitalist economy, an individual economy, and a state capitalist economy with the cooperation of state and private individuals. The sum of these constituents resulted in a commodity economy. They existed together through market liaison while the state-run economy played a

leading and guiding role. Through the socialist transformation of the private ownership system of the means of production, the private capitalist economy became a socialist state-run economy and the individual economy became a socialist collective economy. The ownership system of the means of production was changed, but these economic constituents experienced no change in commodity production and commodity exchange, thus, they still equaled a commodity economy. The actual conditions were: 1) Products of the state-run economy under the system of ownership by the people, whether means of production or consumption, were all commodities. Transfer and allocation were a form of commodity exchange, and, although they might not have fully complied with the law of value, their character of being commodities was not changed (I do not favor speaking in terms of a product economy or a transferred and allocated products economy). 2) Products of the economy under the system of collective ownership by the working masses and industrial and handicraft products were commodities, the commodity rate of agricultural and sideline products is not above 45 percent and is steadily rising. With the commodity economy in the predominant position, the portion of self-sufficient products retained in the collective economy must have their prices computed or negotiated. Thus, if we start with reality and not a concept, acknowledgement of the socialist economy as a commodity economy has no special difficulties.

Marx and Engels believed, based on their study of the operational law of the commodity economy under the conditions of the private ownership of the means of production, that if the public ownership system of the means of production were established, commodities and money would no longer exist. Marxists adhered to this theory for a long time. However, before the October Revolution, Lenin also agreed with this conclusion, particularly during the period of the "New Economic Policy." Lenin clearly pointed out the necessity of retaining commodities and money and using market and commerce. Over the past 70 years, actual practices in socialism have shown that, in the establishment of socialism, it has not been possible to eliminate the production and exchange of commodities. At present, all socialist countries retain their commodity economies.

Why is the socialist economy a commodity economy?

First, social division of work is the foundation of a commodity economy. With the social division of work, there must be exchange. Marx once said, "If there are only four different production departments, then among these four producers each will have a large portion of the products produced for himself. If there are several thousand production departments, then each can take all of his products as commodity production. All these products can take part in the exchange."<sup>2</sup> Socialist economy consists of socialized large-scale production, and division of work has been considerably developed. If no exchange takes place between the various production departments, then there will be no reproduction. In his

book *Economic Problems of Socialism in the USSR*, Stalin asserted the existence of commodity production and the law of value and believed this would not lead to capitalism. This was an important contribution to the segment on socialism in the study of the political economy. However, he would not recognize the means of production as a commodity. Stalin's error by overlooking the division of work. Seen from the angle of social reproduction, the means of production and means of consumption form the two large sectors of production. They are interdependent, and between them exchange according to proportion is the condition for the realization of simple and expanded reproduction. If consumer goods are commodities and means of production are not, then how is it possible for the two large departments to carry out exchange? As a matter of fact, the two carry out exchange every day. Viewing commodity producers conducting exchange according to value among themselves, Marx said: "They have no understanding of this point, but they are doing so just the same."<sup>3</sup> Regarding means of production as commodities we may also say that they do not acknowledge this point, but they are doing so just the same. For the sake of solving this contradiction, Stalin was obliged to say that means of production retained the shell of commodity.

Second, distribution according to work is realized through the exchange of commodities. According to Marx's supposition, distribution according to work did not need to go through the exchange of commodities. However, actual practice has shown that this form of distribution could be realized only inside an internal portion of the scope of a collective in which social division of work is not developed, and could not be realized within the scope of a society in which social division of work is extremely developed. This is because, in a socialist stage, a laborer obtains products according to labor volume and this labor volume is social labor volume, that is, as Marx said, "What is in circulation here is the same principle of a regulated commodity exchange" (speaking in the sense of exchange at equal value), and the income of each individual is different. Also, with the extreme development of the social division of work, there are several thousand kinds of commodities and products and people's preferences differ. Under such conditions, it is not possible to use the measure of directly distributing goods in kind. It is only possible to allow each laborer, on the basis of the labor volume he has supplied, to freely select the kinds of consumer goods he wants. Here, the most convenient method is to use money to make purchases in the market. Since the rise of the socialist movement, certain socialist thinkers have frequently linked together money with the exploitation system and hoped for the early elimination of commodity money. During the "wartime communism period," the Soviet Union attempted to abolish money and effect the direct transition to production and distribution under communism. In our country, in 1958, free meals for the people was attempted, but this failed.



Under the socialist system, commodities are produced and exchanged, that is, commodity economy exists objectively. If the system of economic management is not rational, its development may be restrained, but this cannot change its state of belonging. We carry out reform of the economic structure for the purpose of making the economic structure more suited to the laws of the operations of commodity economy. Here, it is not that there is any objective change, but our subjectivism is more in line with our objectivism. From now on, that is the trend of the development of commodity economy. Seen as a whole, in the socialist stage, the trend is the development of a commodity economy. The basic reasons are: First, the more developed the productive forces, the more socialized is production and the more developed is social division of work; second, the more production is developed, the higher the people's income; and third, the richer and higher the standard of living, the greater the demands.

In the current stage of socialism in our country, aside from the socialist commodity economy, the commodity economy consists of a simple commodity economy and a capitalist commodity economy. In the market, commodities from beginning to end have a "natural status of equality," and "in this respect there is no difference whatsoever between commodities produced by the capitalists and commodities produced by the individual workers, or workers' communes, or even slaves."<sup>4</sup> Because commodities possess this common quality of belonging, formation is possible of a unified domestic market and world market. However, commodities are people and people's relations disguised as things, and, under different social systems, the nature of the commodity economy differs. In a simple commodity economy, the means of production are privately owned, one's own labor must be relied upon, production is for the purpose of meeting the livelihood needs of one's self and one's family members, and the purpose of exchange is value utilization. In a capitalist commodity economy, the means of production are also privately owned, but they belong only to the capitalists' ownership; the capitalists rely on hiring labor, take over the workers' surplus value without compensation, and the purpose of exchange is the exchange value, that is, to seek profits. A socialist commodity economy is different from a simple commodity economy and also from a capitalist commodity economy. Its characteristics are: 1) It takes the public ownership of the means of production as the foundation. 2) Laborers are owners of the means of production, and labor forces are no longer commodities. Surplus products from production by laborers belong to the laborers, of which a portion is used to increase the laborers' consumption fund and a portion is used to expand reproduction and other social needs. The latter seems to be deducted from the producer in his status as a private person, but it is "used directly or indirectly to seek welfare for this producer in his capacity as a constituent of society."<sup>5</sup> 3) It is planned. When we say a socialist economy is a planned commodity economy, we refer principally to the socialist commodity economy.

Clearly earmarking the nature of a commodity economy will not impede the development of a commodity economy. On the contrary, we may, on the basis of actual productive forces and objective needs, rationally arrange the development areas of the commodity economy to ensure its healthy development.

## II. Basic Law of a Commodity Economy—Law of Value

The law of value is the law governing the operations of a commodity economy. As long as commodity production and commodity exchange exist, the law of value will not vanish; but, under different historical conditions, the form of its appearance is not the same. When viewing the law of value, Marx said, "The law of nature basically cannot be eliminated. Under different historical conditions, the change that can occur is the form by which these laws appear." He also said, "The mission of science is to explain how the law of value appears and operates."

For example, in a simple commodity economy and capitalist commodity economy, the form of the law of value is not the same. Generally speaking, in a simple commodity economy, exchange of commodities is carried out according to value or approximate value. Following the appearance of the capitalist production form, because of competition between the capitalists of different departments and the formation of average profits, exchange of commodities is not according to value, but according to production prices. Under such conditions, production prices of departments of a high organic constituency are higher than value, production prices of departments of a low organic constituency are lower than value, and only the production prices of departments of an intermediate-level of organic constituency are about the same as value. Conversion of value into production price has not violated the law of value, because average profit is only the renewed distribution of surplus value and the total price and the total value of the entire commodity are equal.

Conversion of value into production price is, on the one hand, the result of capitalists in different departments going after average profit; on the other hand, it reflects the demand, under socialized production conditions, of different departments for the proportionate distribution of social labor. Capitalists strive to make profits. If value is not converted into production price and the profit rate of heavy industry sectors is low, capitalists will not want to invest in them. Only because of the existence of the law of average profits can sectors of heavy and light industries be developed.

Does production price still exist in a socialist society? In the Soviet Union, for a long time, production price has been taken as belonging to the capitalist realm and therefore negated. This sort of understanding has had a direct influence on the proportionate development of its national economy. In his book *Economic Problems of Socialism in the USSR*, Stalin refuted the law of value regulating the proportion of labor distribution among the different production sectors and stated, "If this is

correct, then it cannot be understood why in our country we have not devoted full effort to develop on a priority basis light industry, which is the most capable of making profits, but rather have developed heavy industry, which frequently earns less profit and sometimes no profit at all.<sup>41</sup> The basis of Stalin's theory was the refutation of the existence of production price. If, in accordance with production prices, both the heavy industry sector and light industry sector obtain average profit, then this sort of problem would be avoided. This kind of viewpoint directly affected price policy in the Soviet Union. As a result of the low prices of heavy industry products and the high prices of light industry products and the use of profits from light industry to make up for the losses of heavy industry, the Soviet Union's light industry has fallen behind and readjustment has been very difficult. In the early 1950's, in the Soviet Union, certain people already suggested that socialist prices should adopt the form of production prices and the price reform in the 1960's was based on the average profit rate. In our country, at the last stage of the 1950's, Comrade Sun Yefang also put forth a similar suggestion. At that time, few people held this point of view. Subsequently, it was criticized as belonging to the realm of revisionism, and discussions on it were discontinued. After the Third Plenary Session of the 11th CPC Central Committee, the party, following liberation of thinking and removal of confusion and restoration of order, renewed discussions on the problem. At present, comparatively more people have shown their agreement with this viewpoint, but there are still those two disagree.

Under the socialist system, the form of realization (or role) of the law of value is different from that in a capitalist system. In a capitalist society, aside from the prices of an extreme minority of commodities and services being fixed by the state, commodity prices are set by the supply and demand relations in the market, and the law of value regulates capitalist production and circulation. Thus, social production is still in a state of anarchy. A socialist economy takes the public ownership system of the means of production as the foundation. Prices of important commodities with a bearing on the national economy and the livelihood of the people must be fixed by the state (some prices are fixed and some float). The state's price fixing must be based on the law of value. In the words of economic specialists, this is the conscious operation of the law of value.

Under the socialist system, the law of value plays its role in at least three aspects: 1) The enterprise carries out economic accounting and must observe the law of value. The cost of production mainly comprises the consumption of live and materialized labor. The source of profit comes from value created by live labor. An enterprise must recoup its labor spending before it can carry out simple and expanded reproduction. 2) The law of value regulates the distribution of the means of production and labor force among various departments of the national economy. In the formulation of plans, consideration must be given to the role of the law of value. Generally

speaking, if this demand is met, then the plan can be easily completed, but if demand is denied, then it will not be easy to complete the plan. 3) The law of value regulates the distribution and redistribution of the national income. All these functions are realized through price changes.

According to the experiences of our country and foreign countries, maintenance of basic stability in prices is relatively beneficial to economic development, but stability does not imply fixed with no changes, but means that large fluctuations must be avoided. We talk about utilizing the price level, but if prices are fixed and unchanged, what function can the lever display?

Prices are always in the midst of changes.

First, in accompanying the rise or fall of the labor productivity rate, the amount of value of commodities will change. When the labor productivity rate of the majority of the producers in a department increases, the value volume of the commodities of this department will fall; conversely, the value volume will rise. Following the change in the value volume, prices will follow and change. Based on these conditions, it will be necessary to readjust the comparative prices of the commodities.

Second, supply and demand relations will change continuously. When demand exceeds supply, price will rise; when supply exceeds demand, price will fall. Changes in the supply and demand relations between departments will affect the comparative prices; changes in the supply and demand relations between regions and seasons will affect the differential price. Supply and demand determine prices; conversely, prices can also regulate supply and demand.

Third, the issuance of banknotes affects the rise and fall of prices. In *Das Kapital*, Marx pointed out, "The special law covering banknote circulation can be generated only from the sort of relationship of banknotes representing gold. This law simply denotes that issuance of banknotes is limited by the amount of actual circulation of gold (or silver) that banknotes symbolically represent."<sup>42</sup> At present, although gold coins are generally not in use, the law covering currency circulation has not disappeared. If 10 billion yuan of currency are needed in circulation and 20 billion yuan of banknotes are issued, then currency will surely be devalued. This cannot be changed by man's wishes. Currency inflation will cause a general rise in prices.

There are various ways to describe the causes generating currency inflation. In socialist countries, the principal causes are a result of an imbalance in financial receipts and expenditures, and in credits and loans (including foreign exchange), and a result of the compulsion to issue more currency to compensate for deficits in the budget. Imbalances in financial receipts and expenditures and in the receipts and payments in credits and loans are principally a result of large-scale fixed assets investments and inflation in consumption funds.

In order for the national economy to enjoy sustained, stable, and coordinated development, we must gradually restore balance in finance, credits and loans, and resources, and maintain basic stability in prices. Thus, only through the formation of a relatively lax economic environment can we freely proceed with the reform of the economic structure.

### III. Integration of Planned Economy and Regulation by Market Mechanism

Not long after the birth of the socialist system, the relations between plan and market emerged as a problem. During the period of the "New Economic Policy," the Soviet Union held the role of the market in high regard. In December 1921, at the 11th national representatives conference of the Russian Communist (Bolshevik) Party a resolution declared, "At present, on the economic side the basic task of the Soviet Communist Party is to guide the economic work of Soviet political power: It will be necessary to take the existence of the market as the start, study market laws, hold and grasp the market, and, through systematic, profound, and careful thinking, formulate economic measures and build a correct estimate of market procedure in order to regulate the market and the circulation of money.<sup>9</sup> At the time, utilization of the market was principally for staging a struggle against the spontaneous forces of capitalism. Hence, after completing the socialist transformation of the private ownership system of the means of production in the Soviet Union, the market was not regarded as important, and even was intentionally avoided for a time. In our country, after the basic completion of socialist transformation, relatively earlier consideration was given to the problem of relations between plan and market. In 1956, at the eighth party congress, Comrade Chen Yun advocated the concrete form of China's socialist economy as follows: 1) On the side of industrial and commercial operations, state operations and collective operations constitute the main body in industry and commerce, but are supplemented by a definite volume of operations by individual bodies. 2) On the side of production planning, the major portion of industrial and agricultural products is produced according to plan, but at the same time a portion may, based on market changes and within the scope of the plan, be freely produced. 3) In the socialist unified market, the state market is the principal body, but is supplemented by free markets subjected to the state's leadership within a stated scope. Here, the idea of integration between planned economy and regulation by market mechanism was already embraced. Subsequently, the supposition missed being carried out for two reasons: 1) Under the guidance of "leftist" thinking, all structural reform carried out in the Soviet Union and East Europe through the utilization of the market mechanism was criticized as being "revisionist," and during the period of the Great Cultural Revolution, criticism of it reached a peak. 2) After 1958, distortions repeatedly appeared in our country's national economy, and, with centralization being required in readjustment, it was difficult to carry out reform.

After the Third Plenary Session of the 11th CPC Central Committee, unprecedentedly extensive discussions erupted on the problem of relations between plan and market. In the course of the discussions, at first the theme was the integration of planned and market economy and later it was changed to the integration of planned regulation and market regulation. In 1981, the interpretation of the CPC Central Committee's "decision pertaining to the party's certain historical problems since the founding of the Republic," was that "it is necessary in the foundation of the public ownership system to carry out planned economy and at the same time to display the supplementary role of regulation by the market mechanism." Subsequently, this was included in the integration of the planned economy and regulation by market mechanism. Meanwhile, economic circles were engaged in disputes on various other models, such as "integration of the form of plates and pieces," "integration of the infiltration type," "integration of the organic type," and so on.

There are both theoretical and practical problems in a planned economy and regulation by the market mechanism.

First, concerning the planned economy, we have all believed that a planned economy is the characteristic of a socialist economy. Is it necessary now to change this viewpoint? In my opinion, there is no mistake in this viewpoint. As I understand it, planned economy refers to: 1) Proportionate development of the entire national economy under the guidance of a unified plan. Its foundation is the system of public ownership of the means of production. Planning or planned regulation are not possessed solely by socialism. In capitalist countries, not only are the enterprises planned, but planning of a directional nature may also be applied to the national economy. They cannot enforce a planned economy and they themselves do not admit they have one. 2) The national plan exerts a restrictive force in varying degrees of production and circulation in the enterprises, departments, and localities. Regarding the restrictive force, some targets are of a mandatory nature while some serve as guidance. As for whether mandatory planning or guidance planning takes the principal position, it varies in different countries, different areas within a country, and different periods of time. The contents of some plans are based on proportion and only if it is beneficial to the proportionate development of the national economy can the form of the plan be more flexible. The problem now is how to perfect the planning structure. For example, mandatory planning is comparatively clearer while guidance planning lacks the measure of inducing and regulating. In guidance planning, it is first necessary to make overall utilization of various kinds of economic levers. Who will use them? At the moment, such a structure is lacking and a structural solution should be sought.



Second, concerning market, market mechanism, market regulation, and market economy, people have different understandings of these categories, and much confusion exists.

The market is the product of a commodity economy and is the sum total of commodity exchange relations. Lenin said, "Domestic markets appear when the commodity economy appears; domestic markets are formed by the development of this form of commodity economy, while the meticulous degree of the social division of work determines the level of its development."<sup>10</sup> If there is only a commodity economy, the market inevitably exists and the development level of the market is determined by the meticulous degree of social division of work. A socialist commodity economy cannot be without a market; on the contrary, it must fully utilize the market.

In our country, economists' understanding of the market mechanism is not the same. Market mechanism refers to the commodity economy's operational laws and its relevant economic levers. In our enforcement of a planned economy, it is necessary to fully utilize these levers.

If the above understanding is correct, then, under the conditions of the existence of commodity production and commodity exchange, planned economy, market, and market mechanism do not repel each other but form an inseparable, united body.

In our country, market regulation has its special meaning. In March 1979, Comrade Chen Yun wrote a memorandum on the following: "Over 60 years, in the system of planning work, whether in the Soviet Union or in China, the principal defect that can be found is only the presence of the provision of 'being planned and proportionate,' and the absence of the provision of the existence under the socialist system, of regulation by market mechanism." What is regulation by market mechanism? He said, "It is not planning, and proceeding with production based on changes in market supply and demand, that is, the portion of regulation with a blind nature."<sup>11</sup> He further believed that, in the entire socialist period, market regulation should be taken as supplementary to plan. Here, market regulation refers to free production and free market and is subject to planned guidance, but is different from planned production and planned market. In actual work, leadership personnel of departments and enterprises can easily make a demarcation between the two.

In our country, the economic circles also understand the market economy differently. One understanding is that it refers specifically to an economy fully subject to regulation by the market mechanism, that is, a capitalist commodity economy. Another understanding believes no commodity economy can be separated from market exchange and market regulation and that any form of commodity economy is market economy, that is, market economy is equivalent to commodity economy. I agree with the first understanding. We cannot assume commodity economy is equivalent to market economy. In a commodity economy, some forms take the system of private ownership of the

means of production as the basis, whereas in others the system of public ownership of the means of production is taken as the basis. The former belongs to the commodity economy whereas the latter enforces a planned economy, and also carries out regulation by market mechanism. Regulation by market mechanism and market economy have their common points, as both are based on market supply and demand changes to freely carry out production. However, regulation by market mechanism is different from market economy. It freely carries out production within the scope of the national plan and does not enforce the market economy in an all-around manner.

Third, concerning the integration of plan and market, in the Third Session of the Seventh NPC (National People's Congress), Comrade Li Peng's report on government work mentioned three forms of integration: 1) Formulation and enforcement of mandatory planning must consider the relations of market supply and demand and consciously make use of the law of value. 2) Guidance planning depends primarily on economic policy and economic levers to effect realization. 3) Regulation by market mechanism is subject to restriction by guidance from the general body plan of the state and law. In mandatory planning or guidance planning, regulation by market mechanism must be utilized, and regulation by market mechanism must also be subject to guidance by the state plan. Thus, planned economy and regulation by market mechanism are integrated.

Naturally, the concrete integration of planned economy and regulation by market mechanism is not only a theoretical problem but also requires the continuous summarizing of experiences in actual practices to discover the basic statutory points. In the final analysis, solution to this problem depends on actual practices in socialism.

#### Footnotes

1. *Collected Works of Marx and Engels*, Volume 25, p. 896.
2. *Ibid.*, Volume 26, p. 203.
3. *Ibid.*, Volume 23, p. 90.
4. *Selected Works of Marx and Engels*, Volume 3, p. 11.
5. *Collected Works of Marx and Engels*, Volume 24, p. 249.
6. *Ibid.*, Volume 19, p. 20.
7. *Selected Works of Stalin*, Volume 2, p. 565.
8. *Collected Works of Marx and Engels*, Volume 23, p. 147.
9. *Compilation of Decisions of the Representatives Conference of the Soviet Union's Communist Party Representatives congress and Decisions of the Central Plenary Session*, Volume 2, p. 137.
10. *Collected Works of Stalin*, Second Revision, Volume 3, p. 52.
11. *Selected Works of Chen Yun*, (1956-1985), p. 221.

## The Cause of the Sluggish Market and How To Deal With It—A Survey on the Market Situation in Hebei

HK2208024690 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 14, 16 Jul 90 pp 37-40

[Article by Song Shuhua (1345 0647 5478), vice governor of Hebei Province]

[Text] In recent months, I have visited certain factories, stores, and rural areas to investigate and hold discussions with comrades in departments of commerce, supply and sales, currency, material resources, commodity prices, statistics, and so forth. We conducted a study and analysis on the sluggish state of the market in our province. I now submit the following report.

### 1. Condition of the Hebei Market

Since the enforcement of improvement and rectification, Hebei's economy has gradually developed in a rational direction; social demand has been brought under control; the input and issuance of currency and banknotes have clearly been reduced; commodity price rises have gradually slowed and the overheated economy has cooled down. However, certain new conditions and problems have arisen, such as sluggish market sales, a too-drastic fall in the growth rate of industry, enterprises not operating at full capacity, and so forth.

On the surface, the current problems in the economy seem to be a shortage and lack of funds, but actually they indicate a sluggish market. Looking at the problems from a present point of view, products seem to have stagnant sales; yet when seen from a historical view, it indicates that the entire structure is out of order. Since the second half of last year, markets in Hebei gradually changed from the stage of "panic buying, inflation, and briskness" to being "weak, cheap, and sluggish." The markets' special features are: 1) A long and sustained period of sluggishness. After July last year, the volume or retail sales of social commodities in the whole province continued to decline; both before and after the new year, when the markets should have been brisk, they were not and the situation has not yet improved. From January to May, the volume of retail sales of social commodities dropped by 4.7 percent compared with the same period of last year. 2) Scope of the affected area. Sales of state-run, collective, and individual enterprises have all been on the downturn; both urban and rural markets have been sluggish; and the sluggishness has extended from means of consumption to means of production. 3) For some commodities, shortages and stockpiling coexist; supply has been acute and sales have stagnated. Regarding certain means of production, it is not that the enterprises did not want to buy, but that they had no money; while regarding means of consumption, it is not that the residents did not have the money, but that they did not want to buy.

The sluggish market and stagnant product sales have led to increases in the stockpiling of industrial products,

aggravation of the shortage of funds, increases in outstanding accounts, the "downhill" trend of industrial production, and downturn in the effects of industrial and commercial enterprises. From January to May, the cumulative completed production value of village and above-village industry was 20.53 billion yuan, an increase of only 1.3 percent over the corresponding period of last year. Some 232 enterprises suspended or semi-suspended production. More than 58,000 staff members and workers were involved, 1.7 percent of the total number of staff members and workers. Within the local budgets, at the end of May the output value of industry had dropped by 1.25 percent compared with the same period of last year, receipts from sales dropped by seven percent, profits dropped by 38.14 percent, and delivery of profits and taxes dropped by 39.29 percent. Financial receipts of the province as a whole amounted to 3.05 billion yuan, an increase of only 3.5 percent over the same period of last year. This has rarely been seen in the last 10 years. The sluggish market has become the main contradiction causing restriction of production and growth in benefits or effects. If effective measures are not taken to ease the situation and it is allowed to continue, then a passive state may appear, with insufficient effective supply, incompetence in structural readjustment, and the inability of economic effects to improve. This will have a bad effect on the stable development of the entire economy and society.

The causes of the current, sluggish market are many-sided. There are factors in policy, as well as in structure and in enterprises' internal and external factors.

1. Effective control of investment demand has objectively caused a fall in the demand for means of production, and at the same time a reduction in the demand for certain means of consumption. In 1989, our province completed fixed assets investment amounting to 19.2 billion yuan, a drop of nine percent in comparison with the preceding year. Computed at the rate of 40 percent being converted into consumption funds, the demand for means of production was reduced by 1.06 billion yuan, and the demand for daily consumer goods was reduced by 750 million yuan. Deducting the factor of commodity prices, the fall was actually over 20 percent. From January to May this year, capital construction, renovation, and transformation investments of units owned by the whole people in our province fell by 13.3 percent compared with the corresponding period of last year.

2. Controlling consumption funds, depressing group purchasing power, and raising the interest rate on savings have contributed to reducing the consumption demand for daily necessities. First, slowing down the growth speed of residents' income and expenses. Last year, in the whole province, among residents in cities and towns, the per capita income for living expenses increased by 16.3 percent over the preceding year and in the rural areas the per capita net income of the residents increased by 7.8 percent. Compared with 1988, the scale of increase dropped by 10.4 percent and 15.2 percent

respectively. Among residents in cities and towns, per capita outlay for living expenses increased by 6.2 percent over the preceding year, and in rural areas the increase was 11.7 percent. Compared with 1988, the growth rate dropped by 33.7 percent and 13.8 percent respectively. In the first four months of this year, per capita income for living expenses of residents in cities and towns increased by 7.1 percent compared with the corresponding period of last year, while the drop in expenses was 0.9 percent; in the first quarter of the year, the income and expenses of the peasants both dropped by over 10 percent. There was a relatively larger drop in the purchasing power of social groups. Second, purchasing power has been split by savings, while consumption has shifted from being "super advanced" to being "stagnated and behind." Last year, the balance of savings accounts of urban and rural residents amounted to 36.45 billion yuan, an increase of 10.2 billion yuan over the preceding year. As of the end of May this year, the amount was 42.71 billion yuan, an increase of 6.23 billion yuan over the early part of the year and an increase of 2.9 billion yuan over the corresponding period of last year. On the other hand, last year the gross volume of retail sales of social commodities increased by only 2.2 billion yuan over the preceding year, while from January to May this year it dropped 760 million yuan compared with the corresponding period of last year.

3. Tightening of the money market and reducing the volume of input and issuance of money have caused a portion of the industrial and commercial enterprises to be short of circulating funds and to become weakened in their purchasing and sales power. In 1989, among the banks in the whole province, the various kinds of loans increased by 7.4 billion yuan over the preceding year, various kinds of deposits increased by 8.85 billion yuan, deposits exceeded loans by 1.45 billion yuan; in the whole year the input and issuance of money and banknotes was 1.76 billion yuan and compared with the 6.44 billion yuan of the preceding year, there was a decrease of 4.68 billion yuan, a drop of 72.7 percent. This year, from January to May, deposits increased 6.44 billion yuan over the beginning of the year, loans increased by 610 million yuan, and deposits exceeded loans by 5.83 billion yuan; the return flow of money to the treasury increased by 2.33 billion yuan over the corresponding period of last year. This has not been seen for many years.

4. Certain commodities are not marketable, are substandard in quality, high in price, lacking in competitive ability, and cause a stagnation in sales. As for some marketable commodities, they are high in price, although good in quality, but their prices far exceed the purchasing power of ordinary residents and thus cause stockpiling.

5. In the circulation sector, the channels are not smooth and both purchases and sales are impeded. First, in the state-run enterprises and cooperatives, due to the factors of "three high, one short, one small" (high in loan interest rate, expense rate, and tax rate; short in funds;

and small in differential between income and outgo), the enthusiasm for purchases and sales falls, and added to this is the enforcement of the principle of being solely responsible for profits and losses which generates the trend to seek profits only and stifles the role of serving in the capacity of a "reservoir." As main channels are not in smooth working order, the functions of stabilizing the market, regulating supply and demand, and leveling commodity prices are weakened, and the supply and marketing societies are unable to shoulder the task of moving industrial products to the countryside. Second, since second-level wholesale stations in state-run commerce have been delegated to cities and towns, the control of the province over the markets has been weakened, and the province is unable to control, or to effect any allocation or transfer, or to keep the markets in good running order. Third, due to various factors, the number of individual merchants and peddlers has decreased and, as a result, their role of supplementing market circulation has been reduced.

Among other factors, we may mention the drop in commodity prices, the passive state of consumption sentiments; and the increase in the phenomena of holding on tight to money and delaying purchases.

## II. Countermeasures To Be Adopted at Present

At present, the market is not totally depressed, but suffers from sluggishness in structure. There are factors of imbalance in supply structure and also insufficiency of structural demand. In the preceding stage the positive effects of tightening and retrenchment are of principal importance but the negative effects such as insufficient demand of a structural nature (the overall depressing of investment demand, delayed consumption demand, and so forth) may affect effective supply. It may be said that improvement and rectification have entered the stage of launching a concerted attack on the stronghold—control of demand must be appropriate, effective supply must be increased, commodity prices must be stabilized, and there must be a steady increase in production. Since gross demand is still larger than gross supply in our country, giving up "double retrenchment" will cause the withering of improvement and rectification, but insufficient structural demand will aggravate the contradictions between supply and demand, possibly cause "stagflation," and nullify the earlier successes of improvement and rectification. In the succeeding stage, we should, on the precondition of continuing control of gross demand, devote major efforts to readjusting the structure and upgrading the effects. The force of implementing the "double retrenchment" guideline should be "slightly readjusted," and in the sectors of investment, credits and loans, circulation, and consumption, the policies to be adopted should be flexible. In our opinion, the measures advocated by the party Central Committee, and State Council at the Sixth Plenary Session and the NPC [National People's Congress] were timely and correct. At present, it is urgent to rapidly and correctly obtain economic information that correctly reflects the facts so as to gain appropriate strength and select the



opportune time to thoroughly implement these policies, and at the same time grasp well the supplementary and coordinating work.

1. In developing the means of production market, it is necessary that it respond to the demand for readjusting the industrial structure, and appropriately increase investments in fixed assets. Since last year, investments have been substantially cut and, as a result, the inventory of capital goods has increased greatly. In order to maintain the stable development of the national economy, a definite investment rate should be maintained. Last year the investment rate of our province was 25.4 percent, the lowest since 1982. Computed on the basis of the average investment rate over the past 10 years, the gross value of the production of our province this year should increase by five to six percent, and fixed assets investment should not be less than 23 billion yuan, an increase of 4 billion yuan over the actual volume accomplished last year. Hence, the investment still needed in major projects already included in the plan should be filled and the required funds should be on hand. At present, in the "debt chains," there are outstanding amounts in production, and outstanding amounts in capital construction, and certain major construction projects have stood at the head of a chain of debts. In a planned manner we should importantly, appropriately, and newly open up certain basic industrial projects and invest in a few projects that produce rapid results, and projects for export and foreign exchange earnings; and particularly increase the input in technical transformation projects with intension as the center. We should increase slightly loans to projects in the range of tapping potentials, reform, and transformation and which can yield returns in the same year. Through internal tapping of hidden potentials, transfer, and readjustment, currency departments in our province should increase loans for technical transformation. An appropriate increase in investments cannot only open up and develop the means of production market, but can also increase consumption demand.

2. Earnestly strengthen operations in marketing and develop markets for means of livelihood. Industrial, commercial, materials, and trading departments should all strengthen their marketing tactics, enliven their sales forms, and expand and open up markets. At the moment, not all commodities are suffering from stagnation in sales and there are instances of briskness. The same kind of product may not be sluggish in sales in all places, but sluggish in one place and brisk in another. The market is an enormous one and market conditions are ever-changing. We should make full use of order-placing meetings, exhibition and sales fairs, and various other forms such as roving marketing of goods, conducting village fairs, and so forth. We should also greatly organize the sending of industrial products to the countryside, open up rural markets, and far-off border markets.

3. Adequately readjust the currency policy and emphasize increased loans for circulating funds. The State Council is undoubtedly correct in advocating lowering

the interest rate and appropriately increasing the circulating funds of major enterprises and for commerce, material resources, and foreign trade. Restoration of the agency system of collection and payment is beneficial for the display of the supervisory and service functions of banks; at the same time we should restore that past method of reducing the interest payment by half in repayment of loans, without being subject to target restriction. Discipline by banks in settling accounts should be strengthened and we should arouse the positivism of banks and enterprises at the grassroots level. Liquidation of "debt chains" also involves the problem of the scale of loans. The state has put forth 5 billion yuan for liquidating outstanding accounts and debts in the whole country, and a share should be given to the local banks for liquidating their outstanding accounts and to ensure the smooth performance of their work. To solve the problem of clearing up outstanding debts, we increased credit. Our province has basically attended to the loans needed for the purchasing and sales activities within its system such as the materials, state-run commerce, and industrial systems. In April and May, the whole province paid off outstanding debts in the amount of 2.6 billion yuan, being one-third of the gross amount of outstanding accounts that should have been cleared at the end of March.

4. Adopt overall measures to smooth out the channels and to enliven circulation. Regarding the problem of circulation, first, the relations must be smoothed out and put in order, and second, the policy should be readjusted. First of all, we should handle the relations between the three parties of state-run, collective, and individual units well, insist firmly that commerce of state-run cooperative societies display the role of the principal channel, with the state, collective, and individual all rising to the occasion, and with none of them lacking. The lack of a "head" will not contribute to stability and lack of "multiplicity" will not be enlivening. Second, it is necessary to handle relations between industry and commerce well, increase the liaison between them, and solve the problem that "during times of brisk sales of goods, industry refrains from supplying, and during times of stagnant sales, commerce declines accepting more goods." Our province has specified 25 kinds of major commodities for the two sides of industry and commerce to sign agreements to ensure production and purchasing. In the case of commercial departments handling local products, the rate of addition to price should be appropriately increased. In addition, preparations are on hand to conduct certain joint operations of industry and commerce.

5. Promptly and appropriately readjust certain irrational commodity prices. A sluggish market offers an opportunity for readjustment of prices. A drastic rise in prices is extremely dangerous, but when prices have fallen to a stated degree and we continue to stress that prices are low but stable, then this violates the law of value and is not beneficial to economic development. The current advantageous opportunity should be grasped well. On

the prices of certain commodities, readjustment in both directions should be carried out, prices of those commodities which for a long time have been on the low side should be appropriately raised, while prices of commodities which obviously have exceeded the capacity to bear on the part of the populace should be adequately lowered, thus to stimulate the wishes to buy on the part of the populace. We must proceed cautiously in the readjustment of commodity prices. We must pay notice to selecting the time element, take small steps, proceed slowly, do not stop, and gradually make the price structure become rational.

6. Following the gradual increase in the income of residents, active measures should be taken to achieve a reasonable division in the flow of purchasing power. For example, open up new consumption areas such as tourism, commercial housing, and so forth.

In the course of market development, we should emphasize grasping the "degree" of control and decontrol, and of laxity and stringency, prevent the recurrence of the old disease of "overheating"; and at the same time, through deepening of reform, search for the "point" of the integration of planned economy and regulation by market mechanism so as to lay the foundation for the new structure of planned commodity economy and to solve the problem of "death by strangulation after [economic] tightening, and confusion following decontrol"; thus enabling the operations of the national economy to fall onto the track of normal development. Under the conditions of an unsmooth or disorderly structure, little effect can be accomplished in structural readjustment purely through controlling or decontrolling the gross volumes. Actual practice over the past two years has proven this point. For important commodities with a bearing on the national economy and the people's living, mandatory planning may be specified, but we should still pay attention to working according to the law of value. As to the remaining rank-and-file commodities, leave them to regulation by market mechanism, and gradually form a healthy and mature market. In addition, there must be coordination between various measures: For example, production and demand planning must be coordinated, and policies on investment, credits and loans, and taxation must be coordinated with industrial policy. Furthermore, a social protection system must be gradually established, so as to create the conditions for structural readjustment.

### III. Grasp the Advantageous Opportunities; Readjust the Product Structure

A fundamental measure in rectifying market sluggishness is to vigorously readjust the structure of products. In an environment of commodity economy, there is no market that never changes at all and neither is there a commodity that always enjoys brisk sales. Facing the storms and turbulence in market competition, industrial departments and enterprises must show their firm determination, grasp the opportunities, establish the concept of market competition, analyze scientifically, forecast

market demands, actively respond to market changes, and actively open up new consumption areas.

First, we must constantly analyze the conditions of market supply and demand, take the market as the guiding factor and promptly readjust the production direction. According to the results of investigation and analysis of city and town markets in our province, there are four categories or types of resident income, and three levels of leading consumer commodities. The four types of income may be divided into impoverished households (accounting for 2 percent; per capita monthly income for living expenses below 50 yuan), low-income households (18 percent; per capita monthly income, 50 to 80 yuan), middle-income households (70 percent; per capita monthly income, 80 yuan to 150 yuan), high-income households (10 percent, per capita monthly income above 150 yuan). Of them, the consumption outlay of middle-income households accounts for over 70 percent of the gross volume of the consumption outlay of all residents. These households have the desire and capability to seek new types of consumption, are strong in competitive sentiments, the market's condition is basically influenced by the consumption acts of these households, and they should be taken as the major point in our guidance of consumption. As for the three levels of leading consumer commodities, according to our analysis, in the 1960's and 1970's, the 100-yuan level was dominant (such as bicycles, sewing machines, wristwatches, and so forth); in the 1980's, the 1,000-yuan grade was in command (such as color television sets, refrigerators, washing machines, and so forth); and in the 1990's quite possibly household consumer goods of the 5,000-yuan level may appear and take over, but industrial departments will need to study and develop exactly what kinds of leading consumer goods. Cities and towns are now basically saturated with certain commodities, although in the rural areas slight hidden demand exists, but prices are rather high. Hence, enterprises will have to earnestly readjust the variety, quality, and prices of the goods so as to meet the different consumption needs of the urban and rural areas. According to a sample survey of markets in our province, at the moment, sales of bicycles, sewing machines, wristwatches, and radios have already reached the saturation point, the general ownership rate of washing machines, electric fans, office desks, large wardrobes, sofas has reached over 80 percent, while that of color television sets and refrigerators is 58 percent and 42 percent, respectively.

Second, in structural readjustment, on the one hand, appropriate input is needed and, on the other, definite time is required, coupled with all-round considerations and procedure in different steps. In order to carry out the industrial policy formulated by the central authorities, the coordinated employment of various economic levers is needed. Readjustment of the industrial structure should take readjustment of the existing volume as the center and addition to volume as the supplement; in accordance with industrial policy, lateral combination of enterprises should be actively organized. Strong and

competent enterprises should be encouraged to do contracting, to merge weak enterprises, and to facilitate the rational movement of essential factors of production. So far as the majority of enterprises are concerned, the breakthrough point in readjustment of product structure should be raising the grade of products and increasing the variety and specifications of products. Our province has already made known its initial views on readjusting the structure of products of industry in the province. This year, the provincial government has arranged to provide major support to 160 major enterprises. Vis-a-vis the 94 large enterprises yielding over 10 million yuan of profits and taxes a year in the province, a slanting policy will be enforced and priority support will be provided. On "10 small" enterprises, consolidation will be carried out and a license system will be enforced.

Third, strenuously strive to promote enterprise management and technical progress. The vehicle of enterprise production and operations relies on the two wheels of management and technology. In the movement to develop "double increase and double economy," we have advocated attacking the "five tigers" (coal, electric power, oil, water, and gas), fiercely grasping the "six rates" (profit and tax rate on sales, profit and tax rate on capital funds, labor productivity rate, stability and reduction rate in consumption of energy and raw materials, stability and improvement rate in quality of products, and rate of lowering production cost in comparative products). We have continued to strengthen the work on the "seven basics and two overalls" (seven categories of management basic work; overall quality control and overall business accounting) in order to ceaselessly improve the level of enterprise management. With regard to the enterprises' technical improvement work, the two plans of "5-6-6" and "8-4-4" are being enforced, that is, providing major support to five industries and trades, 60 enterprises, and 60 projects, and effecting major development of 80 kinds of new products, formation of 40 top-notch products, and expansion of 40 new techniques.

### **Lead the Masses Along the Road to Common Prosperity in a Down-to-Earth Manner**

*HK3008121890 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 14, 16 Jul 90 pp 41-45*

[Article by Lu Guanqiu (7627 0385 3808), director of the Hangzhou Universal Joint Factory]

[Text] Originally, the Hangzhou Universal Joint Factory was a small automobile repair and blacksmith joint venture established next to Qiantang Jiang by seven peasants, with capital of more than 4,000 yuan. After more than 20 years of effort, relying in particular on policies concerning opening up and reforms following the Third Plenary Session of the 11th CPC Central Committee, the factory has become a large township enterprise, as well as one of China's universal joint export bases, with a work force of more than 2,200. Its capital is worth more than 61 million yuan; annual

output value reaches 57.96 million yuan; it delivers taxes and profits worth 14 million yuan; and the amount of foreign exchange annually generated by it is worth \$3 million.

The reason that our factory saw rapid development is because the party's line, principles, and lines were correct; because it depended on opening up and reforms; because it depended on scientific management and technological advancement; and because it has done successful and effective ideological and political work. Besides, the factory upheld from start to finish the direction of common prosperity as its basis for operation. To enterprises, the so-called direction of common prosperity has two levels of meaning: First, it is to correctly handle relations between enterprises and the state, and that no enterprise should get rich at the expense of the state. Second, it is to correctly handle relations between enterprises and their staff. Under no circumstances should enterprise leaders take the opportunity of contracting to get rich quick by hook or by crook. We have summed up the above into the following statements: "To be beneficial to the state and to the staff, to preserve the reserve strength of enterprise, and to satisfy customers." As we upheld the direction of common prosperity, our staff worked very hard, and the enterprise was imbued with energy, so that the pace of development quickened.

### **1. To Take the Direction of Common Prosperity, Directors Must Have a Selfless Spirit of Serving the People**

The way that an enterprise contractor handles his relations with his staff, and whether or not he can correctly handle his interests as well as his reputation determine the prosperity of the enterprise in question and the common prosperity of all his staff, rather than his personal wealth. In order to correctly handle relations with staff, one must correctly handle the following issues.

1. He must run an enterprise by wholeheartedly depending on his staff, and regard them as being the master of the enterprise in question. After the contract system was implemented among enterprises, some people took the authority of the enterprise administrator as conflicting with the staff's position of being the master. They proposed that the master was the contractor and not the staff. They even developed a tendency of regarding directors as employers, and the staff as employees. This is a misunderstanding of socialist internal relations following the implementation of the contract system. The implementation of the contract system among enterprises is only a transfer of the right to operate enterprises, rather than a transfer of enterprise ownership to enterprise directors. Therefore, the staff of an enterprise, be it owned by the whole people or by a collective, are among the owners of the enterprise's production means. On the basis of joint possession of production means, the status of enterprise contractors and that of staff are essentially equal, and they are the joint masters of enterprises. Such equality requires that a



contractor must regard his staff as master of the enterprise in question, and run such an enterprise by depending on the staff.

Based on the above understanding, our enterprise always regards, in the process of production and operation, the staff as master of the enterprise; and creates varied forms to manifest the status of the staff. First, we set up a system of staff representatives and periodically convened representatives meetings. All major issues were submitted to them for discussion. For instance, since wage scale and promotions were the staff's most sensitive issues, any change in the wage scale or recommendation for promotion was first submitted to the representatives for repeated discussions prior to submission at the administrative meeting between the factory's party branch and the director. Matters like the formulation of the factory's principles and objectives, as well as distribution of the annual bonus, were also first submitted to the representatives for discussion. Second, we set up a "suggestion box," mainly to let staff air their criticisms and propose suggestions to the factory's leadership; and for this purpose, we introduced an "award for criticism and suggestions." Our factory sincerely studied the opinions proposed by the staff, and selected some of them for printing in an in-house publication. Over the years, I annually received over 300 opinions and suggestions from the staff, who felt satisfied in this respect. They said, "We have a say in every matter, be it a major internal decision or a trivial one." Third, we entrusted real power to various departments, so as to give full play to their enthusiasm and initiative. For instance, I voluntarily proposed to grant the staff the right to make suggestions, to present awards, and to make transfers, as well as the power to handle relevant matters, so that we got effective results in improving the authority of political and personnel departments and the status of the factory's ideological and political work. Furthermore, we organized periodic forums with young workers, engineers, and technical personnel to understand their thinking and tendency, to solve their work and daily problems, and to give full play to their enthusiasm and creativity. Correspondingly, we advocated the slogan that one "cares about the master's matters, works for the master, performs his duty as being the master, and shares benefits with the master" so as to boost their awareness of being the master.

2. He should correctly handle the relations of sharing profits with the staff. Compared to ordinary staff, enterprise contractors contribute much, and more complicated labor in their operations, as well as take higher risks. In accordance with the principle of distribution according to work, therefore, they should receive more rewards. Nevertheless, I hold that the income difference between enterprise contractor and ordinary staff should not be great. Otherwise, this would go against the principle of common prosperity. After I contracted the Hangzhou Universal Joint Factory in 1983, its production tasks, output value, and profits increased at a rapid rate of 50 to 70 percent per year. Under the provisions of

the contract, I was entitled to receive a net award of 449,000 yuan in the first three years. At that time, I held that it was absolutely lawful that I take this sum of money according to the contract. However, to take such money just for myself would be an act against the criteria of acts of socialist leadership, and would separate me from the masses. After all, not all provisions of the contract were reasonable. The contract system had just been adopted at that time. When working out a contract, it was not accurate to assess the production capability of the enterprise in question, the enthusiasm of its staff in production following the performance of the contract, the capability of the enterprise contractor in operations, the market situation, and so forth. Therefore, there were times when the amount of awards stipulated in a contract exceeded the level of labor contributed, as well as risks taken, by the enterprise contractor. Upon careful consideration, I decided to handle this sum in the following manner: I contributed the first year's award of 87,000 yuan to update technology and to train personnel. I donated 100,000 yuan out of the second year's award, which was worth 112,000 yuan, to run the local education undertaking, and used the remainder to buy treasury bonds. In the third year, I voluntarily asked the county government to revise the contract, and to transfer to the enterprise all of the 250,000 yuan award payable to me.

To Communist Party members, the relations of interests between enterprise contractors and their staff must be subject to a stricter criteria in addition to being subject to acts of the socialist leadership. This is manifested by a selfless and noble spirit of serving the people wholeheartedly. After contracting the Hangzhou factory, I often set strict demands on myself by judging myself with the criteria of serving the people selflessly and wholeheartedly. The masses know that I always let them share benefits first, whether it is "a large sum of money" or a trivial one. When I went abroad on an inspection trip, I only brought back several bags of candies when returning home. In 1984, I was rated as a model industrial worker and was awarded a 1,000 yuan bonus by the county government. I donated this sum to the children's palace. When I was rated by Zhejiang Province as the director praised by 10,000 people, I was awarded a color television set. Though my home did not have a color television set at that time, I gave it as a present to a graduate newly assigned to the factory. As the enterprise yielded good economic results, staff of the factory had their wages increased by one to four steps in proportion to their contributions; but I increased my wages by only two steps.

3. He should handle correctly the balance of interests between his relatives and the staff. In addition to handling their own affairs in an impartial manner, the enterprise leadership should set strict demands on relatives, so that they improve their livelihood by working hard, rather than abusing their power for personal aims. Moreover, I hold that being one of the relatives of the director, one will undertake more difficult tasks, and will receive the same, or even lower rewards than others.

More effort should be spent to promote awareness in this respect. This is because, at present, relatives of certain leading cadres are happy to realize their aims by abusing their power. They attempt to receive more by working less, or even without working. The masses feel very dissatisfied about this. Furthermore, some leading cadres should urge their relatives to give no thought to personal gains, and to voluntarily undertake difficult tasks. On the basis of such understanding, I paid special attention to and set strict demands on my relatives. My daughter was a tracer and had an outstanding performance. When the first production line needed extra manpower however, I voluntarily transferred her to the production workshop. Though my wife was one of the founders of the factory, she received the lowest wage of personnel of the same rank. Over the years, she had been an advanced production worker. In 1985, she was elected as the factory's model worker in a secret ballot. In an assessment of her wages, the masses proposed an increase of three steps, but she insisted on two steps. The party branch acted according to the opinion of the masses, and announced a three-step increase. Consequently, we fixed the scale of increase at two steps.

As I made the staff the master, and handled the relations of interests between myself or my relatives and the staff in a better way, the staff really understood the essential difference between a socialist enterprise and a capitalist one. In a capitalist enterprise, the relations between the enterprise operator and its staff are those of employer and employee, or those of exploiter and exploited. A result of such an operation is an accumulation of quick wealth arising from surplus value squeezed by capitalists from the workers. Under socialism, the relations between enterprise leadership and its workers are those of equality of the enterprise's joint owners. The result of such an operation is common prosperity.

## **II. We Must Handle Relations Between Enterprises and the State Well in Order To Take the Road to Common Prosperity**

When leading the staff to the road of common prosperity, leaders of socialist enterprises should always bear in mind two issues: First, they must help the staff to achieve common prosperity, rather than achieving prosperity just for themselves. Second, they must develop enterprises for the purpose of turning the whole country into a strong one and make contributions to achieve common prosperity for the whole people. Under no circumstances must they take a narrow-minded attitude and interpret common prosperity as prosperity of their enterprise only, while ignoring prosperity of the state or other people. If one acts in this way, one will develop small-group thinking and will commit erroneous acts that place the interests of one's enterprise above those of the state.

Indeed, during my management of the enterprise, there were cases when the interests of the state were put before the enterprise. There would be no development of collective interests without the state interests. As a common

saying goes: "Tributaries will be full of water when the main stream is not empty." Some people said that the state only cared about large and medium-sized state enterprises rather than town and township ones. This was incorrect thinking. Take the Hangzhou factory as an example. I feel indebted to the state in three areas, for development of the enterprise from a blacksmith shop to a factory with its present production scale. First, the strategic measures adopted by the Third Plenary Session of the 11th CPC Central Committee—that is, to open up and carry out reforms and to develop a socialist commodity economy—were the essential prerequisites for the existence and development of town and township enterprises. Second, to a greater extent, the state decentralized the operational decisionmaking power to town and township enterprises. Third, the state offered preferential treatment to town and township enterprises in terms of tax and profit delivery, so that those fledgling and weak enterprises could tide over difficulties smoothly. Moreover, financial departments gave support to these enterprises in terms of loan grants, so that they could promptly replace their equipment, arrange supply of goods and sales outlets, and expand their reproduction. There would never have been a brisk situation like the present one if it were not for the support and assistance of the state. After the town and township enterprises are developed, we must first make contributions to the state and give top priority to its interests.

An important aspect of correctly handling the relations between an enterprise and the state is that when the interests of the state contradict those of the enterprise in question, the enterprise should give top priority to the interests of the state, and then give second priority to the interests of the enterprise. It should sacrifice its partial interests in order to safeguard the interests of the state. It was this principle that we upheld in our development when handling the relationship between state interests and collective ones. A prominent example was the export and production of universal joints. In 1984, the departments concerned chose our products to be an export item. Hence, we needed to export in that year, 10,000 sets of universal joints to Duo-yi-er (1122 0122 1422) in the United States. In the year after that we had to export 42,900 sets; and 169,900 sets in the following year. At that time, this was not good news for the enterprise. This was because the specifications of export goods were special, the techniques were sophisticated, and quality control was strict. Furthermore, the time of delivery was so rigid that orders were made on a quarterly, monthly, and daily basis, and there was no room for bargaining. Also, the enterprise had to run the business at a loss. The export price of a set of universal joints was lower than the domestic sales price by seven to eight yuan. In 1985, the factory's profits dropped gradually in the first quarter because of the production of export goods. The staff felt anxious about this. At that time, the factory's products were a hit on the domestic market. Sales volume accounted for one-third of the gross sales volume on the domestic market. As supply could not meet demand, the domestic sales price might be raised 20

percent higher than the price fixed by the state. Should we continue to run such a laborious business at a loss? Some comrades held a negative attitude. My opinion was that what we exported overseas were mainly raw materials, rather than industrial goods. If we could open the international market with industrial goods, we would bring credit to our country, and it would promote the interests of the state. An enterprise should carry out any task that was beneficial to the development of the state, even though it would bring about losses. My viewpoint was supported by the majority of the staff. Everyone from top to bottom in the factory took the spirit of "bringing credit to the state" as the attitude toward the production of export goods. After working hard and overcoming various difficulties, we eventually made a universal joint that satisfied the foreign businessmen, and entered the U.S. market, the so-called "kingdom of automobiles." At the same time, we made up for the losses incurred by export sales through the profits yielded through domestic sales, and ensured that the amount of tax and profit delivery did not drop. In the wake of growth in export sales, production costs dropped and losses incurred from export sales were turned into profits, which gradually reached the national level. To date, the factory is capable of producing more than 230 types of universal joints for foreign vehicles, which are sold in 18 countries and regions. We have succeeded in bringing credit to town and township enterprises, and to the state, and have helped promote the interests of the state.

Another manifestation of giving top priority to the interests of the state is that an enterprise should produce high-quality goods, and must not bring harm to the state or the public by using imitations and inferior goods. Therefore, we always give top priority to product quality. There was an incident in which a workshop made products with seriously poor quality; I first held myself accountable for the matter, and cut the amount of my semiannual bonus by two steps. At one time, the factory recovered from customers who complained more than 30,000 sets of inferior products worth 430,000 yuan. I called all staff to an on-the-spot meeting at a site where these inferior products were displayed. I said that to allow inferior products to be delivered out of the factory was an act that brought harm to customers and the state, and was a crime against the state and the people. Then, I sold all of these products as scrap iron. This incident shocked all staff of the factory. From then on, all of them gradually established the attitude of serving the people and repaying the state's kindness by making high-quality products. While we made contributions to the state by making high-quality products for customers, we brought benefits to customers through the use of the products. Thus, we integrated the interests of the state as well as those of the people with those of the enterprise, and led the whole staff of the enterprise on the road of common prosperity, which was part of the common prosperity for the whole country.

### III. The Direction of Common Prosperity Must Be Safeguarded by Powerful and Effective Ideological and Political Work

To take the direction of common prosperity is a socialist direction. In order to give people a common understanding of the socialist direction of common prosperity, we must continuously propagate such socialist thinking. This was a highly essential aspect for the Hangzhou Universal Joint Factory. An absolute majority of the factory's staff were peasants who had only left their hometown in the past few years. The influence of small-scale agricultural thinking was always manifested in various aspects. Under such influence, one would spontaneously incline toward individualism and selfish acts rather than inclining toward collectivism and common prosperity. Therefore, we must often use socialist thinking to guide the thinking of the staff, help them gradually overcome the narrow-minded thinking of small-scale agriculture, and establish the advanced thinking of the working class.

Starting from the moment when the factory was established, we grasped ideological and political work. In particular, when there was a tendency to look down on, take an apathetic attitude toward, or even negate ideological and political work among enterprises, we grasped the work more firmly. This is because we deeply felt that if we took a relaxed attitude toward ideological and political work, or even gave it up, the enterprise would be finished. Let's take a simple example to illustrate this. When the policies of our government favored individually run business and allowed the operators to earn more income than laborers in collective enterprises, some people in the factory, including many key laborers, would have resigned to run their own businesses if we had not grasped ideological and political work firmly and educated them in the socialist direction of common prosperity. Eventually, the factory would have ceased operation, and a majority of the workers would have become unemployed. Therefore, the greater the extent of opening up and reform we have, the stronger the sense of urgency and responsibility we should have in terms of ideological and political work.

At the current stage of socialism, people need to labor to meet their livelihood needs and to improve their qualifications through participation in socialist construction. In accordance with the dual nature of work at this stage, we advocated a slogan of "input in two aspects," that is, the "input of pockets," and the "input of brains."

The so-called "input of pockets" refers to a continuous increase of material income of the staff by adhering to the principle of distribution according to work. Over the years, the wage level of the factory's staff has been on the increase. In 1982, the average annual income was only 984 yuan. After the enterprise was contracted out to me in 1983, the amount was almost doubled, and jumped to 1,758 yuan. The amount reached 3,600 yuan in 1989.

The so-called "input of brains" refers to two areas. First, it refers to the improvement in the scientific knowledge



and educational background of the staff. We began stressing this work in 1980. We made it a rule that the factory's staff must be graduates of senior high schools. Staff members who were hired before this rule had to take courses to attain junior high school educational levels. Over the past decade, we invested more than 500,000 yuan in training the staff in various aspects and in sending more than 60 members to universities and colleges. In addition, we recruited a large number of engineering and technical personnel, as well as university graduates. Several years ago, I found time to attend enterprise management classes at Zhejiang University, so as to improve my understanding on theories and technical knowledge of my profession. As a result of my efforts in the past decade, the scientific knowledge and educational background of the staff was improved remarkably. In 1980, there were only two members of the staff who had attained secondary school level, which was the highest level of education attained by the factory's staff. Now, the factory has 84 university graduates, and 93 staff members with economic and technical designations. In 1980, the average level of education attained by the factory's staff was junior primary school. Now, it has been raised to the level of junior secondary school.

Another area of "input of brains" refers to ideological and political work and the work of educating the staff in socialist thinking. Over the years, we worked hard in studying ways to do well in ideological and political work under the conditions of reform and opening up, and carried out on trial basis certain reforms in the system and organization responsible for ideological and political work. In the work, we advocated the attitude of acting "frankly, earnestly, in a down-to-earth, and in an effective" manner. By acting "frankly," we meant that one should tell the truth, nothing but the truth. By acting "earnestly," we meant that people responsible for the ideological and political work must adhere to principles while integrating such principles with realities in a practical manner, and should speak in the language in which the staff wanted to hear. By acting "in a down-to-earth" manner, we meant that, in handling the ideological and political work, one should start by solving actual problems in the ideology of the masses. One must begin ideological and political work by handling trivial matters, and gradually move toward the major targets. By acting "in an effective" manner, we meant that the ideological and political work must be carried out down to the work of the factory. To pay lip service, saying that it was very important, without any practical work was not allowed. One must improve the status of those who are responsible for ideological and political work, and create conditions for ideological and political work in terms of material supplies, manpower, and so on.

To a very large extent, our powerful and effective ideological and political work mobilized the enthusiasm of the staff, thereby safeguarding a continuous development of production. Beginning in 1982, despite successive increases in production costs over the years, the

average ex-factory price of the factory's universal joints remained unchanged for seven successive years. With the products' low price and good quality, some automobile assembly plants decided to gradually phase out their production of universal joints and to use the factory's products as their parts. This phenomenon was called the "universal joints phenomenon" in Zhejiang Province, and attracted special attention from comrades in economics and theoretical circles. What was the mystery of the "universal joints phenomenon"? The point was the ideological and political work. Through effective ideological and political work, the staff always cared about their production. The roles of factors such as machinery and raw materials were given full play, and, to a large extent, the potential of the enterprise in question was tapped. In addition, effective ideological and political work developed a strong cohesive force in the factory. The staff members of the factory are proud to be "universal joints workers." At the time when individuals ran their own business and reaped big profits, the factory's staff continued to uphold their attitude. Members of the public praised the factory as "sitting firmly on the shore, paying no attention to earning money through evil ways, but only to carrying out reform in order to make contributions to the state."

Over the past decade and more, I devoted my efforts to running the Hangzhou Universal Joint Factory. In return, the enterprise has given me training. Recently, I was repeatedly praised as a special model worker of Zhejiang Province, an outstanding party member of the province, the best national peasant entrepreneur, an outstanding national entrepreneur, and a national model laborer. Moreover, I had the honor of being elected as a delegate to the 13th CPC Congress. I deeply feel that it is the support of the party, the people, and the whole staff of the factory, as well as the assistance of various social sectors, who have cultivated me from an ordinary peasant to becoming a socialist entrepreneur, an outstanding party member, and a model worker. This has also illustrated that only when we take the socialist direction of common prosperity can our enterprises become brisk and can each of us have a bright future.

#### Who Is To Pass Final Judgment on a Person?

HK160801190 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 14, 16 Jul 90 pp 46-47

[Article by Li Xia (2621 0007)]

[Text] No one can escape death. Communist Party members often joke about death and describe it as a "meeting with Karl Marx." Some may now say "meeting with Mao Zedong." Anyway, death means kissing goodbye to life. Because this is a permanent departure, the dying man is often quite concerned as to what other people will think of his lifetime accomplishments. People of noble character are said to be indifferent to fame, but most of us are not able to avoid tradition. There is nothing wrong with offering "the final solicitude," for this is a humane and reasonable action. After

working his whole life serving the people, the person in the ash container is entitled to hear a few words of praise. After all, he has earned them with his sweat and blood. He should not be considered greedy or extravagant if he expects some good words from the people. This is the way society pays tribute to a kind soul.

Our forefathers were also concerned how history might treat them, although they had a different way of expressing their concern. Some, like Yue Fei, had to always remind himself that he "shouldn't just let time slip by and grow old without accomplishing anything." Others killed the historians who dared to record the crimes they had committed. Wu Zetian was truly the emperor of her time. She was most broad-minded and had the best strategies. Her wordless stele was marveled at by everyone.

The eulogy read at a funeral is usually considered the "evaluation" of the dead person. Whether the man was famous enough to have his death announced in the newspaper or if he was only an ordinary cadre whose funeral was to be arranged by a factory union, the party organization will be cautious in selecting the right person to write the eulogy for him. Most of these evaluations will be kind, friendly, and generous. They will list all the dead comrade's accomplishments, without leaving anything out. Mistakes made by the dead will be more or less omitted. The relatives and friends of the dead person will study the eulogy in great detail. Their efforts can be compared with the way Jia Dao struggled when he composed his poems. Sometimes, the relatives will let the corpse decay while they demand the addition or deletion of a few words in the eulogy. Their hard work means the dead will be presented with a good image, but their efforts do not always help them achieve this goal. Eulogies for the dead do not represent the "passing of final judgment."

I am not saying that the evaluation of the life of an ordinary comrade is as complicated as that of Cao Cao—no one can give a clear-cut judgment of Emperor Wei Wu. What I am trying to say is that the correct judgment of a man's life cannot be summarized by a few words written by somebody, or by the party organizer. (This is not to diminish the value of a conclusion given by the party.) The truth is that we write our own final judgment. How is a common person remembered by the people around him? How did a great person make his influence felt in his country and in the world? People's reactions will tell us how we have spent our lives. Most of the information feedback is quite reliable. Relatives and friends are just wasting their time trying to alter any strong public opinion of the dead. Sometimes their effort may even cause an adverse reaction and tarnish the image of the dead person. Whenever we talk about Zhou Enlai, Peng Dehuai, Jiao Yulu, or Lei Feng, we don't need to dig out and examine their eulogies. If we curse Hitler or the gang of four, we don't try to remember the indictment against them. We keep the account in our

minds. How do we evaluate a person? We look at his "deeds" and see whether his "deeds" were good or bad for the people.

Some of the veterans of the revolution understand this principle well. Not long ago, comrade Zhang Su, member of the Advisory Committee and the chief procurator of the Supreme People's Procuratorate, died. After studying the eulogy, his wife, comrade Qi Shurong, told the secretary who came to ask for her comment that "the evaluation is high enough. Excellent party member; communist warrior. That is sufficient. Haven't you heard that the only place one can find perfect goods are in advertisements, and the only place one can find a perfect man is in a eulogy? We can't let this bad habit go on. We make the person larger than life after he is dead. What good does that do? We are merely providing jokes for the common people..." We don't know much about Sister Qi, but her words are surely admirable. She kept her reason even at her saddest moment—when her beloved had just left her. Her realistic but supreme opinion about this eulogy was most memorable. Sister Qi could think clearly because she always bore the people in mind. She preferred to let the person pass away peacefully, without bothering the leaders or the people. She definitely did not want to turn her beloved into a laughingstock. However, the more she wanted the people to forget about the whole business, the more they respected and liked her. Even an ordinary citizen like me was deeply impressed by her act, and I have since then become more confident that the party has better discipline.

People writing essays always have to quote Lu Xun, the teacher. How did this great sage take care of his final business? In his article "Death" he wrote something like a will. His second demand was "a quick burial" and the third "no memorial." It seems that contemporary people have not respected his wish. There are so many memorials held in his name, even after such a long time has passed since his death, that no other dead person can claim the same record. But of course it all comes back to the same reason: Lu Xun was a man who all his life served the Chinese people.

### The Value of 'Half a Mu of Land'

HK1608010990 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 14, 16 Jul 90 p 47

[Article by Shi Zhangqi (0670 0594 2475)]

[Text] ZHEJIANG RIBAO printed the following news item: There was a Communist Party member and captain of a production brigade named Chen Xiaoguo in Liyu Shan Village, Heli Town, Yiwu City, Zhejiang. In 1975, the village offered Chen a piece of land on which to build his own house, but he refused the offer. Instead, he chose to chisel the rocks and dig up the soil at Shita Hill which was on the strata of yellow earth. Except during farming season, Chen went digging at the hill every day, even in the middle of summer or winter. By

1989, Chen had worked for 14 years and removed more than 2,000 cubic meters of dirt. He had worked with 4,000 or so workers and cleared half a mu of land on Shita Hill where he then built his house. Chen Xiaoguo was now known as the new "foolish old man" of Liyu Shan Village.

One may ponder why Chen Xiaoguo was so stupid. People who are in powerful positions will usually get to pick pieces of land on which to have their houses built. They are never satisfied and will find any excuse to occupy more choice land. Yet Chen Xiaoguo refused a good offer. What was the point? Even if he did not want that piece of land, he could have chosen any flat spot on which to build his house. Why didn't he find a place that was easier to handle? Why did he have to find a difficult hill? He toiled for 14 years for half a mu of land, a deed that wasted energy and money. The result was not worth the effort.

Chen Xiaoguo did not ask for any land because he remembered that the place belonged to everyone, and land was the one precious thing in his village. If everyone just took half a mu, then there would be no land left.

Chen Xiaoguo's "14 years" resulted in "half a mu." The scale of his "labor" was not proportional to his "reward." Had he spent his 14 years conducting business or becoming involved in transportation, he might have become rich. Yet, because of Chen's unbalanced effort, the moral standard of the whole village improved. After Chen Xiaoguo chiseled out the hill and built his house there, everyone who wanted to build a house could follow his example. The result was that not one family has taken any farm land for their houses. If a party member takes the initiative to excavate the mountain, the rest of the people will not dare to grab any land illegally. This is the fruit produced by 14 years of sweat. This is the value of that "half a mu of land."

This reminds me of some people who are the opposite of Chen Xiaoguo. HUBEI RIBAO reported that Tan Yuanmao, deputy secretary of Zhituoping Town, Changyang County, Hubei, gave an impressive lecture at the town meeting when he talked about the "two Lans" incident. Everyone was roused by his speech about learning from Pan Xinglan and Yung Dalan. The deputy secretary's lecture had not faded from people's memory when some policemen were beaten up by ruffians. Tan Yuanmao just looked on from the side, unmoved. Afterward, he defended himself by saying that he was "not mentally prepared." Maybe he was hoping that the criminals would give him advance notice before they committed the crime. Everyone asked, "How does such a cadre educate anyone? He acts differently depending on whether he is on or off stage." The value of Tan Yuanmao's "lecture" is in sharp contrast to the value of Chen Xiaoguo's "half a mu of land." There is an old saying that "a bit of action is better than all the words put together." Chen Xiaoguo impressed and influenced people with his hard working hands, his "sweat," and his "dedication." People appreciated him and were willing

to following his example. Other, like Tan Yuanmao, went the opposite direction. They dealt with the situation only with eloquent words, teasing us with "resolutions" and "slogans." This "platform style" behavior of party members and cadres is revolting and shameful. There are only a few "Tan-ish" people in our daily life, but their influence and the harm they cause should not be underestimated. We can say that Chen Xiaoguo's hard-working spirit adds honor to the party, but this honor is often concealed out by the pretentious work style and empty talk of Tan Yuanmao and his ilk. People like Chen Xiaoguo have to pay so much more with their sweat and struggle just to make up for the adverse effects caused by all the Tans.

Thus, I particularly treasure the value of this "half a mu of land."

**A Generation of Socialist Entrepreneurs Is Reaching Maturity—Reviewing *An Arduous Course* and Two Other Collections of Reportage**

HK1608011790 Beijing QIUSHI [SEEKING TRUTH] in Chinese No 14, 16 Jul 90 p 48

[Article by Huang Shengping (7806 0524 1627)]

[Text] The Wuxi City Propaganda Bureau has edited three books: *An Arduous Course* (People's Literature Publishing House), *Waders of Taihu* (China Zhuoyue Publishing House), and *The Place Where Jiangnan Stars Shine* (Jiangsu People's Publishing House). These three books are about the achievements of a generation of excellent entrepreneurs. These entrepreneurs are the products of the development of a socialist commodity economy in Wuxi and the surrounding area. These books sing passionately about the new people and their work in the era of socialist reform and openness to the outside.

There are 800,000 words in these three books telling us the stories of 79 enterprises and 100 entrepreneurs, factory managers, and managers. The heroes of the books are the people who were commanded by various levels of party leaders or who were elected through a chosen procedure. It is rare in our country for someone to systematically write about and publish a collection of reportage on enterprises and entrepreneurs from one single region.

When we open these books, we see the lively images of entrepreneurs, all of whom have their individual characteristics. From them we can see the dynamic entrepreneurial atmosphere in Wuxi, and follow the footsteps of these socialist entrepreneurs. In the story "Total Immersion," Zhu Arong, the 60-year-old, white-haired factory manager of Wuxi Radio Factory, who also was a national model worker, insisted on "first-class quality and service." The result of his eight years of hard work was that the output value of his factory increased 22-fold, and profits were 78-fold higher. Because of his devotion to the electronics industry all these years, he did not go out with his wife even once to see a movie. Every day, rain or shine, all his energy was consumed by his work. The



people described in these books, such as Li Haiqin in "The Song of the Pretty Rainbow" and Zhu Haichu in "The Character of Chrysanthemum," were all hard-working, ground-breaking, and selfless heroes in helping to develop the socialist commodity economy. The books emphasize the core value of these entrepreneurs. At the same time, we are shown that these entrepreneurs always upheld the party leadership and stayed close to the working-class people. The books acknowledge the achievement of these entrepreneurs as well as praise their honest quality. From this one corner we can see the whole picture of a new generation of entrepreneurs who have been groomed by our party and are now coming of age.

These collections of stories are unique in the sense that they exhibit touching images of village entrepreneurs who came from the farms. Two years ago, half of the economy of southern Jiangsu was said to be dependent on village enterprises, now we may say two-thirds. Village enterprises are the correct choice made by the party and our farmers. The development of village enterprises promotes the construction of the two civilizations in rural areas and shortens the three gaps. This is the necessary path if we are to realize socialist modernization with Chinese characteristics. People who lead the way are the village entrepreneurs, who, by following the party's line, strategy, and policy, have taken the first step to help farmers become prosperous. There are 25 stories in the collection. The stories gave a vivid description of

how these entrepreneurs struggled to start their enterprises and how they never gave up. They were farmers, coming straight from the fields and ditches. They climbed directly towards modern industrial culture. Their enterprises are village enterprises—a poor relative of the establishment. There were no "inherited leaders" or "patrons." Their successes are therefore more brilliant and precious.

To build socialist modernization, we need thousands more entrepreneurs. Entrepreneurs are the heroes of modern construction and the promoters of the development of social productivity. After reading these three books, we have a clear picture of the banks of Taihu where a group of socialist entrepreneurs are working. They have the administrative ability and insight, and they are adaptable, competitive, broad-minded, and willing to take risks. These people were planted, and they flowered and bore fruit in the soil of a planned commodity economy. They were the waders in the tide of reform. We are happy and encouraged by the emergence of socialist entrepreneurs generation after generation.

The main theme of our time is reform and construction. The three books from Wuxi have accurately carried the tune and performed the theme of modern times. They encourage us to involve ourselves actively in socialist modernization and in the reform and open policy. These books show us the virtues of hard work, struggle, exploration, and self-improvement. In short, these are good books that are worth reading.

**END OF**

**FICHE**

**DATE FILMED**

10 Oct. 1990